1907 ~ Business, Financial and Investment Counselors ~ 1929
"Over Twenty One Years Of Service"

Securities for Mid-Year Re-Investment

The MAGAZINE of WALL STREET

June 29th 1929

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Special PUBLIC UTILITY Number

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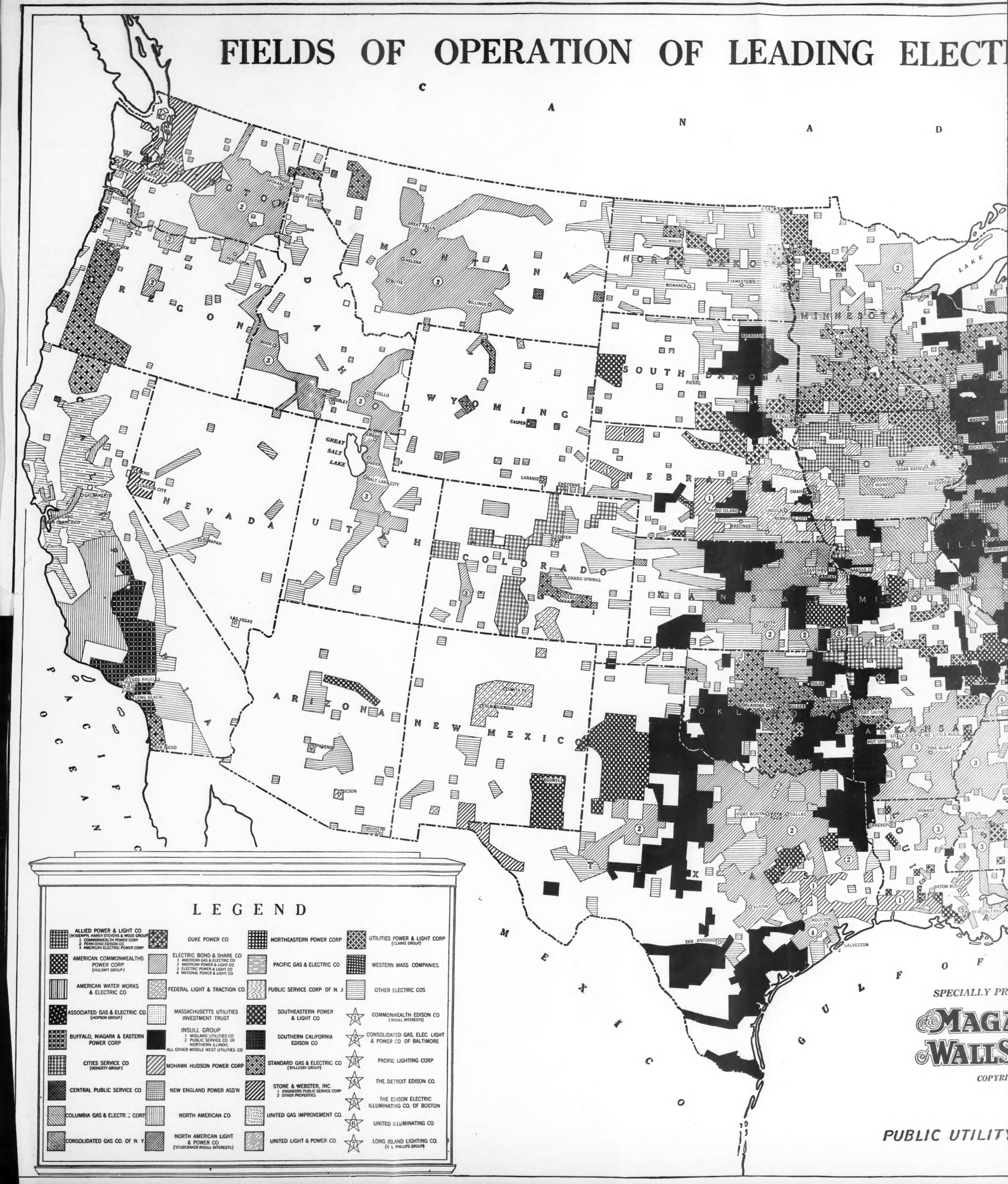
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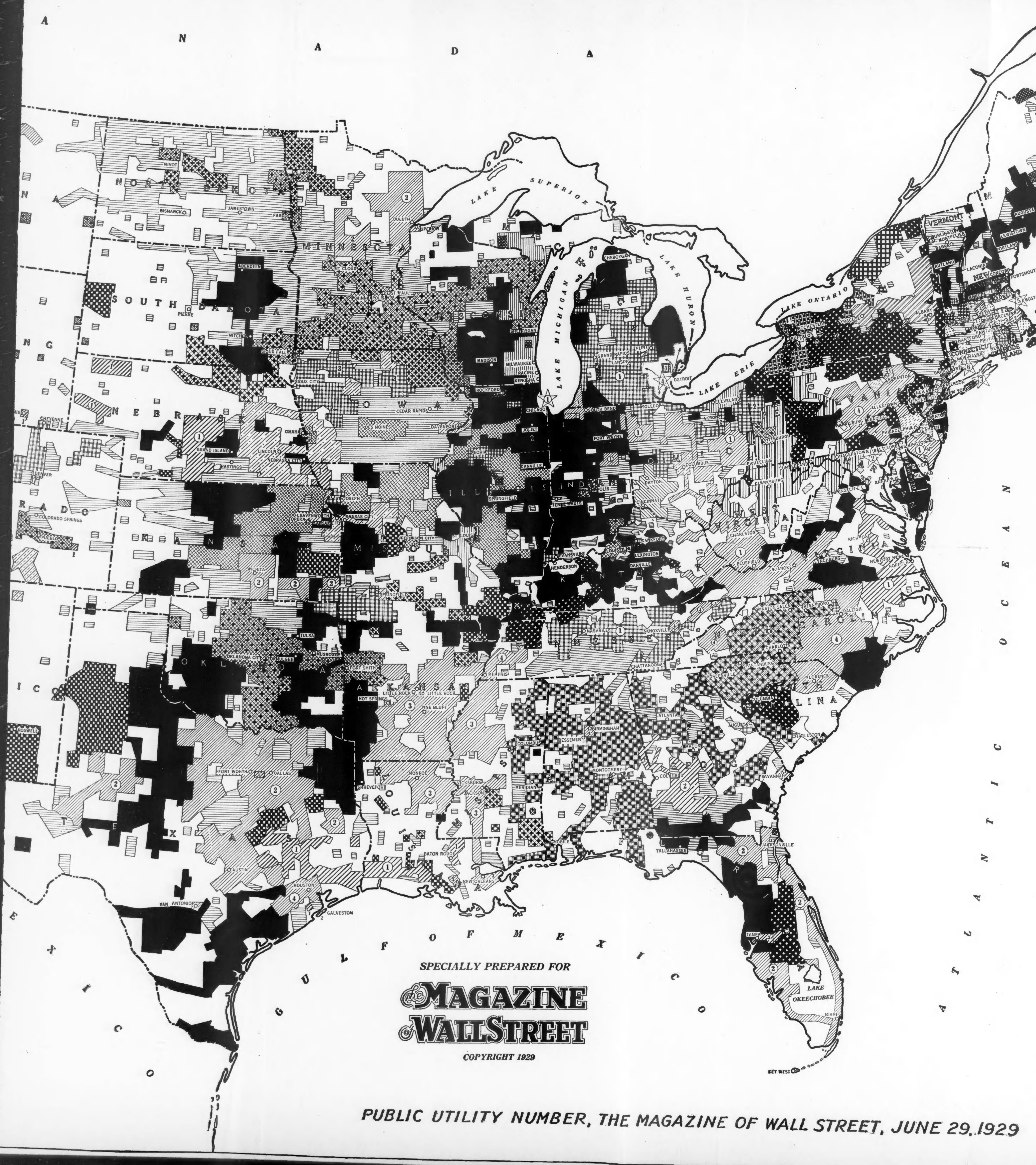
ATION OF LEADING ELECTRIC POWER GROUPS 1929



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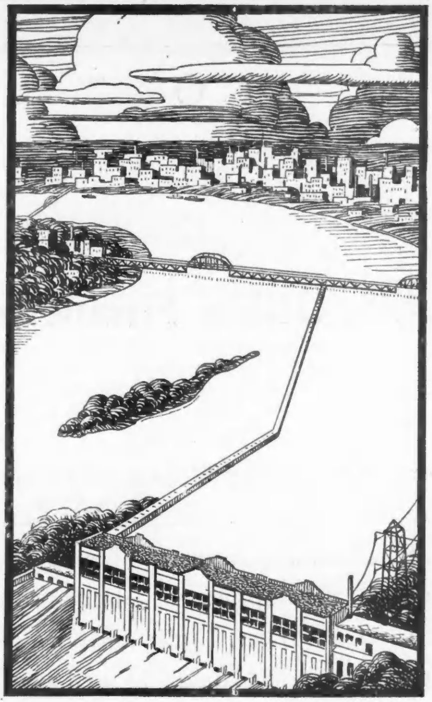

How THE PUBLIC BENEFITS From INTENSIVE COMMERCIAL DEVELOPMENT

THE systematic policy of developing all possible service and reducing rates in accord with improved efficiency in production and operation has accelerated the substantial increase in the use of electrical energy throughout the system of

STANDARD GAS AND ELECTRIC COMPANY

With a gain of 5.63 per cent in electric customers during 1928, the total output of electric energy showed an increase of 12.70 per cent. ◆ Rate reductions placed in effect during 1928 or announced for the near future represent a total estimated saving to electric and gas customers of approximately $4,820,000. All classes of customers benefit from these reductions.

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WITH THE EDITORS

The Public Utility Number

IT is the primary object of this Public Utility Number to provide investors with a comprehensive view of this great industry. Probably no group exceeds the utilities in popularity as a field of investment.

The great developments of the industry, whether in efficiency of operation, management, new fields of activity or in consolidations and mergers, all bear directly on the earning power of the component companies, and hence on their investment merit. We have spared no pains in an endeavor to present, through the various articles by specialists and leading figures in the industry, a comprehensive picture not only of this industrial background of public utilities but to define those trends in each of the great divisions of the industry which will most directly influence the course of the companies.

Taken as a whole it is an alluring story of achievement and consistent growth to be appreciated by investors as well as those in the industry or in other lines of endeavor.

In addition there is much of practical investment value in this section, not only in the articles, but in the tables showing the earning position of the leading companies and particularly in those pages of "Public Utility Investment Suggestions," to which the reader's attention is especially directed for definite recommendations.

With this Public Utility issue we also include a new feature in the form of a supplementary map of the United States showing the fields of operation of all important electric power groups. Because of the large number of power companies and the complexity of their territorial activities any map of this kind has always represented considerable difficulties. After much research and experiment, however, we are able, by using a large scale, to present a map which defines, by counties, not only the particular fields of the great electric utility groups, but by keying these areas, the important operating companies are also located. This map should prove of inestimable service and value to every investor and others interested in public utilities, and is well worth preserving.

In the Next Issue

The Magazine of Wall Street's Adjustable Rating Table

AS APPLIED TO MINING SECURITIES

This comprehensive feature gives the Investment position of all of the leading mining securities listed on the New York Stock Exchange. It is of interest and practical value to every investor, particularly at this time when many of the mining and metal companies are in an unusually strategic position.

Among Other Important Articles Will Be:

1. A complete elucidation of the reorganization plan of the Seaboard Airline and how it will affect the investment aspects of the road's securities.
2. The current position and outlook of the petroleum industry.
3. Will America lose through the migration of industries abroad?

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—F. R. W.

This is just one of the many investors whom The Magazine of Wall Street, through expert guidance, is helping to increase their profits and income; to secure the happiness of their family and self; to get the most out of life as they go along and still build up a substantial back-log for rainy days and old age.

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It will establish you on the right course—and keep you in touch with the conditions and positions of the securities you hold. Coupled with this, the FREE PERSONAL SERVICE DEPARTMENT gives you the privilege of requesting a personal opinion as to the status of a reasonable number of your holdings *or the standing of a broker.* In order to assure prompt replies to all subscribers each communication must be limited to three securities.

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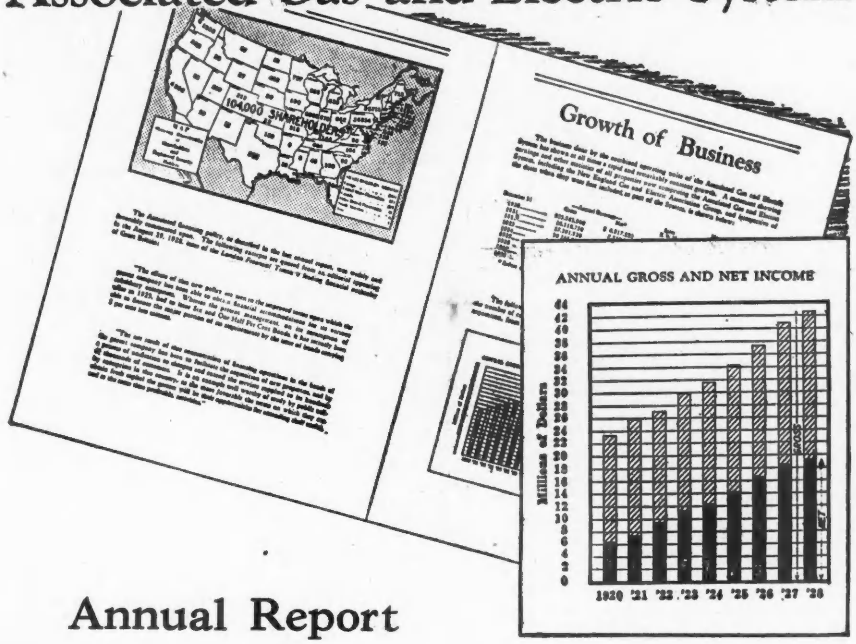
June 29, 1929

Associated Gas and Electric System



Annual Report

Shows 18% Increase In Earnings

COMPLETING the most successful year in the history of the Associated Gas and Electric Company, the 1928 Annual Report, just issued, shows substantial progress in practically all phases of the business.

For the twelve months ending February 28, 1929, gross earnings were $47,437,778, an increase of 18% over the preceding twelve months.

During the year 33,262 new customers were added. The New Business Department was actively engaged in developing *more business* from *old customers* through the sale of household gas and electric appliances. Sales of these appliances were *nearly four times* as great in 1928 as in 1927.

To stimulate further the residential use of electricity. New Low Energy Rates were adopted throughout nearly all parts of the Associated System. Ultimately these rates should lead to a wider use of appliances and to an increased sale of electricity.

An investment in Associated Securities affords an opportunity to share in the increasing earnings of the Company and in the future growth of the electric light and power industry.

Summary of Progress

K. W. H. Sales to residential customers increased	9.5%
Customers increased	33,262
Appliance sales increased	75%
Total securities sold to customers	$36,000,000
Total sold to customers during 1928	$13,183,715
Total assets (June, 1929)	$800,000,000

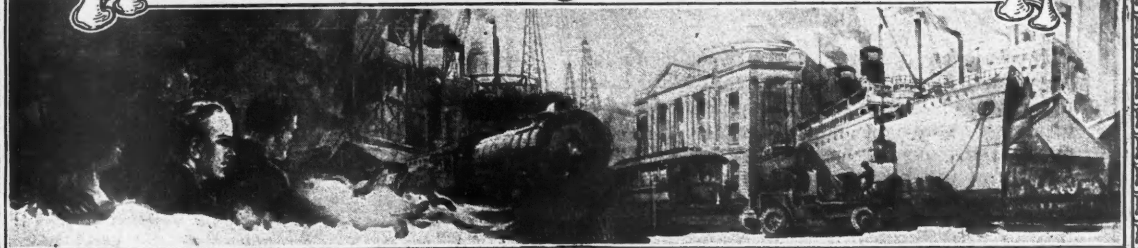
"Rights" to subscribe at $42 per share to additional Class A Stock of Associated Gas and Electric Company have been mailed to June 14th holders of record.

A copy of the colored map demonstrating the growth possibilities of the territories served, and a copy of the Annual Report just issued, will be sent to you on request.

Associated Gas and Electric Securities Co., Inc.

61 BROADWAY — NEW YORK, N. Y.

The MAGAZINE of WALL STREET



INVESTMENT & BUSINESS TREND

Outlook for Reparations Loan — Oil Regulation — Business Conditions — Relief for the Farmer — The Market Prospect

OUTLOOK FOR REPARATIONS LOAN

As soon as the Paris Reparations Agreement is ratified in the political sense, the new reparations machinery is to be turned over to the bankers for operation. Thus many interests are involved, for the latter group represent not only the investment markets in many nations but also the individual investors who participate in these markets. Once ratified, the reparations settlement becomes an investment problem; in fact there are not a few bankers here and abroad who are already sounding out their home markets in connection with the forthcoming financing. When the plan to "commercialize" reparations obligations was first proposed, it was a foregone conclusion that the American investment markets would be expected to carry a large share of the bonds to be offered. At this present moment, however, the prospects of absorbing a large volume of this kind of financing is none too bright in the United States. High money rates have militated against new investment offerings, cutting down the volume of such financing considerably, especially in the foreign loan division. Furthermore, seasoned investment bonds are hovering close to their lowest prices of the past few years. Foreign bonds have not been liquidated to quite the same degree as have the domestic issues, due to their higher interest rates, but bond brokers report a comparatively "thin" market for foreign securities listed in the local markets. As the reparations financing will be placed in the world market, those countries which are in a position to absorb the bonds on the best terms will be allotted the largest share. In view of the present state of the bond market here, some bankers believe that the United States will receive a much smaller share of the initial offerings than was originally expected. It is pointed out that the bonds are already capitalized at a 5½ per cent interest rate. Unless a substantial discount can be obtained, an offering of this nature would be more attractive in the French investment markets, for instance, than in the United States. Other bankers look for improvement in the market for foreign bonds in this country by the time the Reparations Loan will be ready. Even though the initial financing here may be smaller than expected, these observers hold the view that ultimately the lion's share of "commercialization" will be provided for in this country.

OIL REGULATION

The United States is full of theorists who specialize on conserving for the sake of conserving—especially of what belongs to other people. Had this type controlled public policies regarding natural resources this Republic would today be a wilderness of abundant but worthless resources and a small and backward population. Say what you will about the wisdom of a different policy for this day and the future, there is no disputing the former wisdom of the traditional national policy of facilitating the transfer of natural resources from the state to the individual and encouraging their rapid even if wasteful development. No doubt the time has come when all our resources should be measured rather than poured out. But how, is a thorny problem. It is not one to be settled at a hurried conference of governors or any other conference. The governors of the oil states were right in doing little but talk at the Colorado Springs

1907 Business, Financial and Investment Counselors "Over Twenty-One Years of Service" 1929

Conference and resolve to have some more talk. The danger of hasty action is a bent toward hoarding instead of savings, toward crippling present use to meet a scarcity that may never exist. It is folly to take restrictive measures that may stimulate curtailment of use, because some day there may be no more oil. This might easily become slow death for the oil industries and perhaps bring them with full reservoirs to a period of applied science that will eliminate "wild" oil from the economic picture. If there is real necessity for prudence in utilizing our oil resources, there is also danger of unnecessarily hobbling the expansion of the oil industries and those industries that are dependent upon it. So far the conservation agitation under governmental sponsorship has accomplished little except to convince the oil companies themselves of the real need for self-regulation. Indeed it is the manifest recognition of this policy by leading interests, with its implication of eventual success, that justifies the current and prospective favorable position of the oil securities in the stock market.

BUSINESS CONDITIONS

THE six months just closing might truly be characterized as among the most prosperous of any in recent years. Undeniably they have been the most active. New levels of output have been established in many basic lines, the railroads have handled a large volume of traffic and trade has been actively maintained by the high level of purchasing power in most sections of the country. Actual figures on the earning record of leading corporations are not yet available for the half-year period, but in view of the records shown for the first quarter and the sustained activity which has prevailed since then, there can be no doubt that the reports for the majority of corporations will indicate a gratifying profit position for business generally.

Moreover there are numerous encouraging factors to suggest a continuance of favorable conditions. It is true that record breaking automobile output has been in no small measure responsible for high productive activity in many lines and that any material let-down in this industry would exert a correspondingly wide restraining influence. Credit stringency is also constricting expansion in certain industries such as building. On the other hand there are numerous indications that money conditions will ease materially as the year advances. Crops give promise of an abundant harvest, and price stability in their marketing should be facilitated by the new farm legislation.

The net result of these various forces may result in a slackening of the present pace during the summer months, but it should be remembered that a substantial let-down from present high standards may take place and yet leave conditions above the average. There is no indication of any basic alteration in the trend of prosperity.

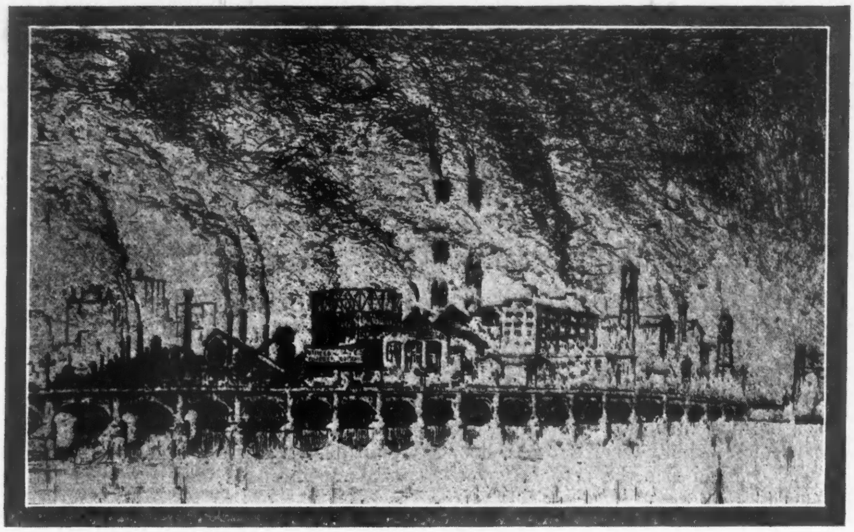
RELIEF FOR THE FARMER

THE farm relief bill is a law—and the band begins to play. We will at once be treated to the dramatics of farm relief in operation—the rushing of $150,000,000 to the western front. The spectacle of such a monetary force being flung into the war against the low-price invasion of the farm regions is stimulating and inspiring. It may do some immediate good, both emotionally and statistically. But the real test of the efficacy of the relief legislation is to come later and in other forms. After all, this first aid is nothing more than lending money to people who need, fundamentally, not more loans but more income. The farmers want to make money instead of borrowing more. The crucial task of the Farm Reserve Board will be to use its enormous capital and its great power and influence to stabilize agriculture, largely by making one blade of grass, or something else, grow where two flourished.

THE MARKET PROSPECT

THE irregular advance which set in about the beginning of June has now carried the average of representative stock prices well beyond what is generally regarded as a normal level of recovery. This ability to regain more than fifty per cent of the May decline has undoubtedly encouraged some revival of bullish sentiment. Another factor in the market's quiet strength is the failure of credit to tighten as had been anticipated. There is now a considerable faction of the speculative fraternity who are disposed to draw analogies between the present market situation and that which followed breaks similar to the drastic May reaction. It may be said, in favor of those who regard the market's present quiet strength as the forerunner of a new major upward movement, that the recovery has been well led. At the same time, the speculative uproar in the public utilities is not altogether reassuring. Nor has the credit outlook altered sufficiently to encourage the hope that a resumption of active speculative activity would meet with no obstacles. Stocks strongly situated in respect to current and prospective earnings have demonstrated their ability to move independently of the general market and credit situations. The more speculative issues, on the other hand, are being comparatively neglected. Such discrimination will probably continue to be the most pronounced characteristic of the market in the near future.

Monday, June 24, 1929.



From an etching by Anton Schutz

Public Utilities In The Age Of Power

IN the olden times of forty or fifty years ago, when you bought Power you bought a ponderable thing—coal. Likewise when you bought light you bought other ponderable things—candles and oil. Then you made your light and power. Public Utilities then meant street railways, gas, and a little electric lighting. We were in the peasant age of power economy.

No more absurd prediction could have been made fifty years ago than that power—motion—would be made at central stations, sold by measure and delivered even hundreds of miles on a slender wire. Bankers would as soon have thought of capitalizing the Aurora Borealis as power without substance, and investors would have preferred the ancient adventure of the gold brick to the dead certainty of loss in central power.

Turn to 1929! Half the manufacturing of the country buys its intangible power as routinely as it once did its solid coal and receives it invisibly, measuring it intangibly. This power issues from 4,000 central power plants, and the owners of those plants have become a mighty factor in the ownership of America. The towering smokestacks, the power lines that stride across mountain and plain, the massive dams, are the physical symbols of colossal achievements in finance and industry throughout the country.

Delivered power, the equivalent of almost four horses, is at the tip of every factory worker's fingers. The daily lives of millions of toilers could not function without this commodity that is sensed in its being rather than by physical apprehension. Millions of investors have put their stored up wealth into it, but yearly it calls on them for more wealth—a billion new dollars. Ten billion dollars are now invested in the business of making and delivering this commodity that was unknown almost but yesterday. Its gross revenues are near 2,000 millions of dollars a year. Silently this power makes light in 20,000,000 homes and motion in near 3,500,000 commercial establishments. It has brought forth a thousand new industries, it has turned luxuries into necessities and impossibilities into daily luxuries. Incalculable are its contributions to the miracle of an age that has found a way to measure its production by the dynamic expansion of desire in place of the static requirements of mere existence.

So intimately is it bound up with social and municipal life that it has been taken into the political structure of the American people. Essentially and inevitably a monopoly, its economic existence is at once protected and controlled by law and ordinance. It is the public's servant; it is chained, this genie, to the will of its master, but in return for unquestioning service it is vouchsafed the satisfaction of its being's essential requirements. More and more is it owned by the public as individual, less and less is it public property. It is socialization by private capital.

Nothing tells the story of the expanding circle of investment better than the history of the growth of the electric power and light industry. It is the type of the modern industrial-financial partnership grown so vast that only universal income can meet its requirements. Its field of sales is universal, its field of income by necessity becomes more and more coincident with the outlets of its product. Its owners must be its product's buyers. Caps in hand, the captains who direct it come to the public for funds with which to meet the same public's demands. The new age of power is likewise the new age of the investor. Applied physics has worked as great a wonder in investment as in light and power.

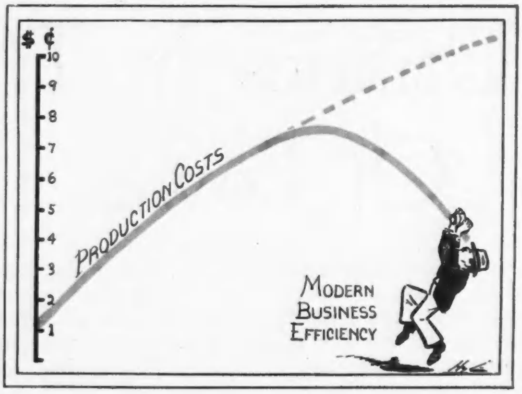
Squeezing the Profit-Dollar Out of Industry

What Efficiency Means to Business and the Resultant Opportunity It Affords the American Investor

By THEODORE M. KNAPPEN

A WOMAN and a big dog harnessed to a cart, piled high with pine needles; behind them a forest floor swept as clean as a baseball diamond before a game. That is one kind of efficiency—peasant efficiency. It may be seen in operation in Germany today.

Railways laid down through the woods with incredible rapidity, mighty logs hurtling through the air in the grasp of steel fingers at the ends of cables pulled in by unrelenting donkey engines, tractors charging through the woods with logs captive in their train—behind them a chaos of forest debris. That is another kind of efficiency—mass production efficiency—as it may be witnessed in American forests.



Optimum of Results

What is efficiency in industry? Maximum and optimum of results with a minimum waste of labor, power and material. A maximum of realized material is the forest peasant's objective; a maximum of material for each dollar of capital and each unit of energy expended is the American lumberman's objective. Peasant efficiency is frequently inefficiency in mass industry, and vice versa; many an American farmer is using a tractor when a mule would be better. But by and large American efficiency is ruthless, wholesale, contemptuous of piffling economies, intent upon realization of its particular objective, whether it be economy of time, labor, power or material. It aims at the avoidance of economic waste, knowing full well that that often means physical waste.

In America economic waste has hitherto meant tremendous physical waste, and it still does. Wasted coal, wasted forests, wasted soil—physically wasted—have been economic thrift. How far along would America be today with the efficiency of the woman-dog team and the saving of the twigs and needles of the forest floor? What sort of efficiency in American would it have been to pause to save 25 per cent in the extraction of coal when the nation's progress was measured by the amount hoisted to the surface—with thirty cycles of supply in the ground?

High Cost of Parsimony

Yet the tradition of the efficiency of parsimony dies hard even in the homeland of magnificent efficiency. Parsimonious efficiency, pin-saving, twine-hoarding, old-equipment retaining "efficiency" is even today costing American business $80,000,000 of profits a month. A machinery company has recently calculated that if all machines more than ten years old were scrapped and replaced with new and better ones that amount would be saved. Inability to realize that a mountain of discarded machinery is efficiency in the American scene is the principal reason for this loss—a misunderstanding of the real nature of efficiency. Junking the old machines would increase the efficiency of their plants by 40 per cent. Still the peasant conception of efficiency persists out of place.

While much remains to be done, such have been the advances in efficiency that it is a mere truism to say that American business today rests on efficiency.

Underlying all other efficiency is the efficiency of inanimate power. Do nothing by hand that can be done by a machine, is the motto of American industry. Fifty million horsepower in locomotives, forty million in gasoline motors, sixty million in stationary and marine engines—it is thus that feeble human energy multiplies itself and thus supplies the physical basis of all efficiency. The whole material difference between ancient and modern civilizations is in power efficiency. To quote an apt illustration recently used by an engineer; the trireme, pride of the Athenian navy, was propelled by 170 slaves at the oars; the airplane carrier Saratoga, of the American navy, is propelled by oil-burning engines equivalent to 2,000,000 oarsmen.

Potential Power of Natural Resources

Beneath mechanical power itself is the efficiency of the extraction of power from coal, oil, gas and falling water. Every advance in the efficient creation of such power registers itself in multiplied productivity, in more and cheaper goods, in more and more profitable business. Succeeding the efficiency of physical waste to attain economic results, we are now coming to an age of grandiose application of the economy of little things. Engineers and chemists are finding ways to apply mass efficiency to the physical wastes of other times. Mine dumps yield more metal than the original mining, more petroleum may be washed out of oil sands than once spouted from them, the debris of the forest may yield more material than the selected boles, the profit of the sawmill may be in the sawdust; of the packing house in the bones. And having recovered lost material

on a colossal scale we are finding daily better ways to make the most of it. In the electrical industries one pound of coal now produces more power than four once did.

In 1919 it required 170 pounds of coal to perform 1,000 gross-ton-miles of railway freight service; in 1927, 137 pounds were enough, and single engines have reduced the amount to 70. Steam electric power plants have reduced their average unit coal consumption 42 per cent in eight years. American coal miners dig nearly a ton of coal a man-day more now than in 1919. In 1912 it took 3,631 pounds of coal to produce one ton of pig iron and ferro-alloys, in 1927 only 3,053 pounds. Despite the elevation of price levels since 1914 electric power is cheaper in money now than it was then. The class I railways now have 61,000 locomotives, as compared with 64,000 in 1920, but their average tractive power has increased 15 per cent. And the railways are doing a vastly larger volume of business with 700,000 fewer employes than they once had.

If this is the age of power in labor it is the age of steel in material. According to E. L. Shaner, editor of the Iron Trade Review, the output of pig iron per man is now one-third of a ton a day, as against one-seventh of a ton in 1914. In other words, a man used to work seven hours to produce a ton of pig iron; now he does it in three hours and twenty minutes. Fifteen years ago the average daily output of a blast furnace was 262 tons, now 398. One hundred fewer blast furnaces are making approximately 25 per cent more iron. And yet relative to the general price level iron and steel products are cheaper than they were in 1914.

Profitable Prices

Despite the present unprecedented demand the general efficiency of management and control of the industry is such that prices are steady and no signs of a commodity boom. Increasing efficiency has made it possible for the industry to produce and sell its products at prices that are profitable and yet are satisfactory to consumers. Thus efficiency has brought stability to a fundamental industry, a stability that, of course, is communicable to secondary industries, and thus to all business—since business is nothing but the inter-relation of industries and of possession.

In these days of vast distances in business, improved transportation has brought about such a mingling of sources and outlets for products that goods brought thousands of miles are sold in free competition with those produced on the spot. Obviously this is another contribution to stability as well as to lowness of price.

There is almost no monopoly of place any more, at least for the less weighty products. Transportation has become so cheap that it is almost impossible to give its cost an appreciable place in the price to the ultimate consumer of many kinds of articles. The railways move freight so much faster than they did ten years ago—at the same cost—that they have revolutionized business methods and effected enormous reductions in inventories; which means a saving of capital, lower interest charges. Goods can be manufactured, transported thousands of miles, sold and collected for, in the time it took ten years ago to move them from factory to shop. This means a reduction in the volume of goods that merchants must have on hand, a curtailment of frozen assets, an increase in the number of turnovers of capital and greater profits without higher prices. And then more business again.

Speed in Transportation

The demand for speed and more speed in transit is at once bringing in the commercial airplane, multiplying auto truck lines, and accelerating the trains. The higher the value of goods the greater the premium they can afford to pay for speed. On the other hand, extremely low-price and heavy commodities are finding efficiency in reduction of freight bills rather than in that of time. Silk trains roar across the continent from San Francisco to New York in four days, and the ships bring the silk from Japan in eleven days. It was not so long ago that a cargo of silk was four months on the way from the Orient to the Occident. A silk train may be worth $5,000,000; the interest on which is a thousand dollars a day; with it, time is money. A cargo of iron ore, on the other hand, may not be worth more than $50,000. Great supplies are always on hand at the furnaces, time of transit is of little importance, but cost of transit is of great significance.

So, while we have freight going faster and faster there is an efficiency in moving freight more cheaply if more slowly. Turtle water-transport begins to revive while rabbit rail, automobile and air transport bounds away faster than ever. The great ugly lake freighters creeping slowly through the inland seas carry a third as much freight as all the railways of the country. Efficiency has found a way to put the rivers at work once more. Nine thousand miles of inland waterways are slowly approaching modernization of channel depth and permanency; while the powerful new towboats, with their floating islands of grappled barges, move mightily, not unlike freight trains of mammoth cars afloat.

Nothing but the efficiency of the lake freighters, loading and unloading mountainous cargoes of bulk products by machinery has kept the coal of Pennsylvania and the iron of Minnesota in happy union a thousand miles apart. The ever-growing freight traffic of the nation makes it certain that efficient water transport must shoulder more and more of the heavy work. Car-loadings of revenue freight have increased 20 per cent in ten years. There must be more railways, notwithstanding the expansion of motor truck traffic, or more waterway freight, or both.

Nothing has had a profounder effect on the speeding up and amplification of business than the amazing efficiency of American agriculture. It is estimated that if agriculture were no more efficient today than it was in 1850, about three-fourths of our people would still be on the farms, necessitating the persistence of local self-containment and a minimum of commerce. One agricultural laborer today is equal to five eighty years ago. Nor did this revolution come sud-

Photo by Ewing Galloway

Barge train of Mississippi-Warrior Barge System plying between St. Louis and New Orleans

denly with the harvester, the threshing-machine and the gang-plow. A large part of it has come in the last thirty years, much of it in the last ten. The same number of farm people are producing 47 per cent more now than 1900. The gasoline tractor and the combined harvester and thresher are working wonders now. Careless critics disparage American agriculture and tell of the thirty to fifty bushels of wheat to the acre of the European farmer as compared with the fourteen of the American.

Labor Efficiency

The comparison may serve well to illustrate the American conception of efficiency. The European may get two or three times as much of a crop to the acre, but the American gets two or three times as much to the laborer. If the American farmer had united his own labor-efficiency to the land-efficiency of the European he would have gone so much faster than industry that he would have been ruined by his success. As it is he has kept even with industry in individual efficiency for the last thirty years—and has come near to ruin at that. Literally, the farmer has gone too fast. He has learned efficiency ahead of population growth. This super-efficiency of the farmer has given the cities an abundance of cheap food and apparel; it has added immensely to the purchasing power of the city man's rising money income; it has elevated his well-being, multiplied his wants and expanded his buying.

That the farmer has not participated in the prosperity he has so largely made may cause some speculation as to whether material efficiency is always associated with social efficiency. Because the individual farmer has become so amazingly efficient farming is dying, because the farmer is so good his class is waning. It may be well argued that it would be better for the nation to have more farmers and less farming efficiency. The farmers are taking their jobs away from themselves, and looking for others in the cities.

Another lustrum or decade may, however, add commercial efficiency to the farmer's productive efficiency, and bring him to an estate better than he has ever had The $500,000,000 farm bill is aimed at better business rather than better production on the farm. Again, science begins to be as much absorbed in the study of cellulose as it has been in coal, and the farm woodlot and the field may ere long become preponderantly sources of industrial raw material instead of food. Agriculture may become part of of industry as well as its cafeteria.

The human stomach refuses to grow, but there is no limit to human equipage and equipment, and if the farm joins the procession of manufacturing it will be in no such danger as now of destroying itself by its own efficiency. "Our chemical laboratories point out to us an Age of Cellulose," says Secretary of Agriculture Hyde, "which challenges our imagination." Lignin, a form of cellulose, may yield even more wonders than coal tar, from which have come dyes, acids, and heavy and light chemicals of many kinds, applicable in thousands of ways and forms. Furfural, a cellulose product just coming over the hill of the future, may itself alone bring a new day to the farm. Give the thirty millions of Americans still on the farms the buying power of their city friends and the boom that would follow would resound for many years.

One way of looking at efficiency is to consider it as the elimination of waste, with due regard to what waste is at any time and place. "While we currently assume," says President Hoover, "that great advances in living standards are brought about by new and basic invention, an even greater field for the advancement of these standards is found in the steady elimination of our economic wastes." Mr. Hoover has been fascinated for years by the wastes that can be dispensed with by eliminating superfluous varieties of products. "Simplified practice" has been his battle cry for nearly ten years in the campaign for more business efficiency. When this campaign began in 1921 it was declared by the engineers that American business was 49 per cent wasteful. The efficiency of some of the war industries had been a revelation, and Mr. Hoover saw in them an inspiration for the cultivation of prosperity by mass economy. Ninety industries have adopted simplified practices. Space permits of the mention of only a few. Formerly there were 66 varieties of paving bricks, now only 5; formerly 78 varieties of bed springs and mattresses, now only four standard varieties. Asphalt varieties have been reduced from 102 to 10; metal lath from 125 to 24; files and rasps from 1,351 to 475; rough and smooth face brick from 75 to 2; common brick, 44 to 1; range boilers, 130 to 13; woven wire fencing, 552 to 69; bed blankets, 78 to 12; lumber, several hundred items dispensed with; concrete building units, 115 to 24; cafeteria and luncheon chinaware, 668 to 177; commercial purchase forms, from thousands to three; dining car chinaware, 700 to 113; shovels, spades, etc.. 5,136 to 2,180.

Aside from group simplification thousands of individual firms have simplified their business practices in the last few years. For example, a hardware wholesaler reduced his stock items from 10,000 to 7,000, reduced his territory 28 per cent and the number of his customers 56 per cent and increased his net sales 35 per cent. A retail hardware merchant eliminated 991 of 1,709 he had been carrying. An automobile factory reduced its number of varieties of minor parts from 13,000 to 2,100.

Hand-in-hand with the savings by simplification of practice in manufacture there is now going on a remarkable reduction of costs in distribution. Trade wastes have been

Suggestive Highlights in Business and Efficiency

Steam-electric power plants have reduced their unit coal consumption 42 per cent in 8 years.

61,000 railway locomotives of 1929 have 15 per cent more tractive power than the 64,000 locomotives of 1920.

In 1914 a man worked 7 hours to produce a ton of pig iron—now 3 hours and 20 minutes.

100 fewer blast furnaces make 25 per cent more pig iron in 1929 than in 1914.

American farming is 47 per cent more efficient in 1929 than in 1900.

Scrapping old machines would increase American business profits $80,000,000 a month.

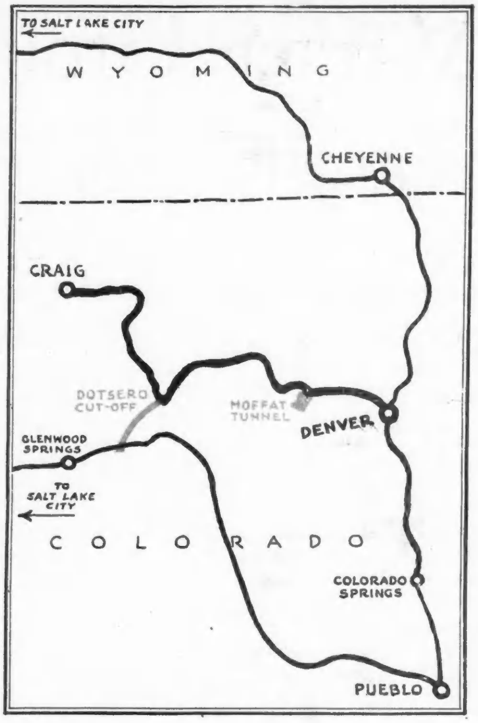
Reforms under way, if generally adopted. will save business 8 to 10 billion dollars a year in distribution costs alone.

Business was appraised as 49 per cent wasteful in 1921.

Reduced cost of living and increasing income since that time are attributed to efficiency.

Every dollar and every effort saved by efficiency means more goods to sell, more profits, more business.

calculated at 8 to 10 billions a year—about equal to our entire foreign trade. Most of this waste is attributed to defective distribution. Dr. Julius Klein, Assistant Secretary of Commerce, declares that the laboriously achieved savings of efficient production are largely eaten up "by the flagrant, wasteful futility of the distributive power." Some of the wastes he refers to are excessive expenditures in sales promotion without adequate information; unwise credit methods, unfair practices of small trading minorities, insufficient national stock statistics, disorderly marketing resulting in gluts and famines, sloppy retail trade practices, unsystematic warehousing, extravagant delivery service, wasteful advertising, hazardous installment purchase methods, careless packing, handling and transportation. If each of these and other divisions of waste were analyzed thousands of distributive leaks would be revealed. It has been calculated that the excessive handling of freight that could be avoided by the use of "skid-platforms," now coming in quite generally, is between 200 and 500 million dollars a year.



The Denver & Rio Grande Western, by means of the Dotsero Cut-off, has saved 175 miles in its route from Denver to Salt Lake City

In slower and more cumbrous times efficiency of administration was seen in centralization of business. The great city depleted the small city and town. Now the plants are establishing themselves in the country towns. Finance tends to mass itself in consolidations and in the metropolises but the works divide and multiply. National coverage from one factory is the explanation of big business and small profits in many an enterprise. The motor truck builds up new and revives old minor producing and distributing points.

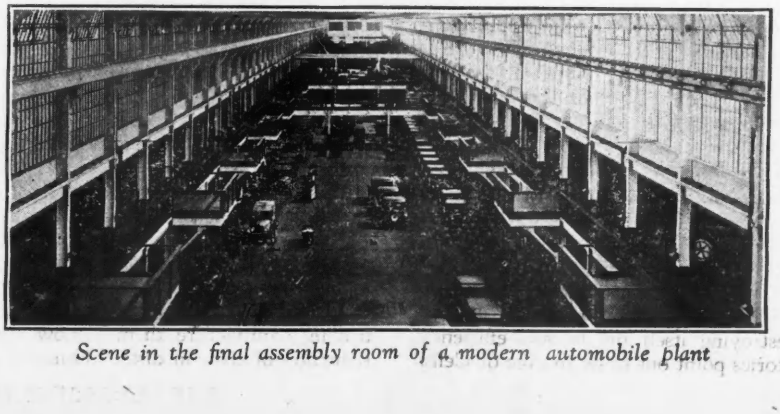
In the long run the savings of production and distribution are converted into increased consumption, which is only another way of saying increased incomes and higher living standards—more business.

One of the most fruitful results of efficiency is increased leisure. The improvement of productiveness is translated into time saving as well as into material results. More work is done by fewer men or more work by a single worker. Instead of applying all the economy to the aggregation of more output part of it is now going to the accumulation of leisure. The Saturday half-holiday is becoming general, and the five-day week is coming. The results are seen not only in greater contentment of the workers but in an actual expansion of business. The slave is a wretched customer, and a fagged out freeman, with neither time nor energy for diversion and culture, is little better. By expanding consumption leisure actually creates more work, more employment; not more arduous toil for men but heavier loads and more speed for the machines. Efficiency was once considered the mastery of the laborer by the machine; we now see it as the reverse.

The state has contributed to efficiency by public education and public health promotion. The virtual mastery of the contagious diseases that once prostrated business and depopulated cities for months, the conquest of minor ills like defective teeth, the betterment of diet, the spread of universal education, the encouragement of research, the training of technicians, technologists and leaders—all these represent great strides in social welfare that are reflected unerringly in more business. Efficiency comes to be seen as more a vast social reorganization than a mere program of more profit from miscellaneous enhancement of productivity. It becomes social reform without rhetoric or doctrinaire program. Humbly born in the desire for more selfish profit, it has grown into the actual achievement of social amelioration.

While it may be too early to say what the increased efficiency of American business in all its departments has amounted to since the determined drive toward efficiency became almost a national monomania, following the war, there are some interesting facts that may be somewhat of a reflection of achievement. Wages have advanced markedly and the cost of living has decreased. The purchasing power of the dollar is gaining, and commodity prices have been decreasing. Falling prices and prosperity seem to be traveling in team. Multiplied production is closely matched by expanding consumption. But comparing the daily more efficient America with the America of the rough and ready age of thirty years ago one wonders how the nation waxed so prosperous as it did. Abundant resources, the occupation and equipment of a new continent, and rapidly growing population are the answer. But with the age of territorial occupation over, a declining rate of population growth and the raw material pretty well seized and held, we find ourselves not only more prosperous than in the good old days but getting more so. This prosperity is predicated on the ability of business to better its elemental costs of production and to utilize every agency to this end. Here lies the solution of the problems of excessive competition, over-capacity and other vexing problems of industry.

That is what efficiency means for business.



Scene in the final assembly room of a modern automobile plant

The Market Groups of Greatest Promise

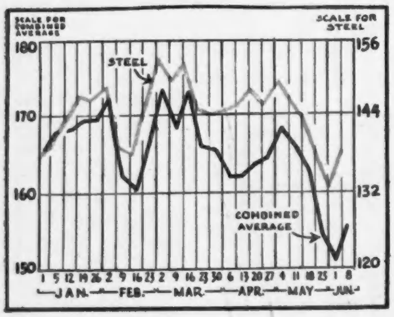
A Critical Analysis of the Leading Groups of Stocks with Particular Reference to Earnings Outlook and Investment Opportunity

By Robert E. Stanlaws

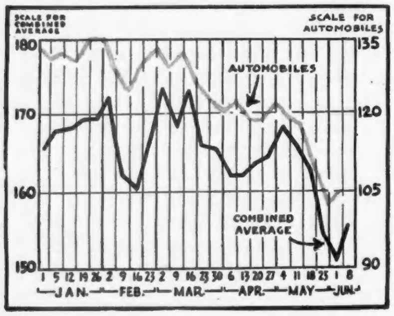
DISCONCERTING though it may have been to many, the breakdown of the late bull market, in the long run, should prove distinctly beneficial to the average, bona fide investor. Termination of the "new day" speculative psychology permits a return to sanity in the appraisal of values. Thus, it has again become possible to analyze stocks on the basis of actual or prospective earnings and arrive at reasonably certain conclusions concerning the relationship of market prices to these factors. This situation did not obtain during the recent periods when market movements were dominated largely by purely speculative considerations and the appraisal of values was confused and complicated by extraneous matters. Moreover, the readjustment has operated to recreate sound buying opportunities which, at the former high levels, were exceedingly difficult to discover.

The restoration of conditions that once more admit the application of critical judgment to stock prices makes a review of group prospects timely and profitable. Out of every such period of doubt and hesitation as that which has followed the May break in the market, new stocks eventually arise to lead the market. The most logical place to look for these stocks, obviously, is among those industries whose position is now most promising. It is the purpose of this article to point out, if possible, some of these groups.

The performance of the steel stocks during the last four years is typical. Beginning with a broad see-saw movement in 1926, the average price level of the leading steels rose fairly consistently and sharply in 1927. Then followed the backing and filling of early 1928 and the succeeding mid-year slump in prices. From that time forward, the rise in value of the steel stocks was pronounced, sustained and almost perpendicular. By comparison with the appreciation in values that took place, even in the second half of 1928, the recent decline which the steel shares experienced in sympathy with the rest of the market, might almost be described as a mere fluctuation.



Back of all this rise lay, of course, the metamorphosis of the steel industry from its one time "prince and pauper" character to a basis of unfamiliar, and hence astonishing, relative stability. It is unnecessary to dwell upon this change here, but it requires mention because of its significance in relation to, and effect upon, steel stock prices. Clearly, the ironing out of irregularities in production and demand means a corresponding, perhaps even a little more pronounced, smoothing of irregularities in earning power. And whatever tends to reduce instability in this direction should also tend to foster an improvement in the basic investment position of the steel stocks, speaking now of these issues as a group.



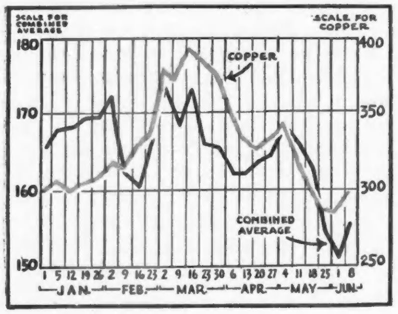
Since the beginning of the current year, record breaking demand for steel has so pressed upon the mills that producers have ceased to worry about an expansion in capacity which, in previous years, weighed heavily upon the industry. Profit margins, improved by the combination of high rate output, marked progress in reducing production costs and a rising trend of prices permitted eminently satisfactory earnings in the first quarter of the year. These earnings will be equalled in second quarter reports, generally speaking.

Probably no one seriously anticipates a continuation of quite the same high degree of business activity in the second half of the years as obtained during the first six months. Demand, prices and production are holding up with remarkable fidelity to the early year showing as the steel companies approach the close of the second quarter. This would indicate that the experience of the past year may be repeated. That is, the customary summer letdown in steel operations, decidedly marked in other years, seems likely to be conspicuous for its mildness in the current season. That the prevailing pace can be sustained, however, is doubtful. Hence, some lowering of average per share earnings for most steel companies, below the excellent levels of the first half, will hardly prove disappointing.

The fact that demand has failed to slacken, as yet, at a period when the seasonal sag usually became manifest in the past, may be taken as a fair indication that steel mill activities will remain above normal in the next few months. Moreover, price levels probably will suffer no serious easing below those now prevailing. With profit margins for leading steel companies in the first quarter nearly 100 per cent higher than those for the same period of 1928, there

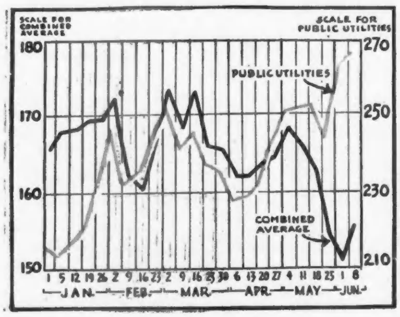
would seem no serious bar to a showing probably 50 per cent above that of 1928, on the part of the stronger units, for the first half, while the full year promises something less than the first half gain but still a showing eminently satisfactory.

The position of the copper companies is closely analagous. That is, earnings in the first half year will have reached record totals. Some falling off now appears a probability for the second half. The metal market has already experienced its speculative orgy and, in coming months, producers may be expected to exert efforts to prevent a repetition of the runaway market that was witnessed for a brief period during the first quarter.



Copper's rise to levels of 25 cents a pound may be viewed largely as an outburst of overflow speculation from the stock market. Probably it did the producing companies little good, so far as their ability to translate these higher prices into actual earnings is concerned. Indeed, the entrance of speculative buying into the copper metal market proved more detrimental than desirable. Consumers curtailed purchases in the face of the sharp rise and producers have since been forced to cut down mining operations in order to restore equilibrium between consumption and output.

The excited speculation in the commodity had its counterpart in the stock market. The ensuing break in the metal produced a like reaction in the shares of the copper companies which became aggravated with the development of a general liquidating movement throughout the security list. The copper stocks, in fact, have been far more volatile performers than the steel stocks. Through 1926 and 1927, the public manifested little interest in them. During this time, the industry was consolidating its position, seeking to work out a solution for the problem of coordinating output to accomplish stabilization of prices at reasonable levels. Copper prices finally stabilized around 14 cents a pound late in 1927 and held around that level in the early part of 1928. Then they gradually began to move upward until the rise culminated in the unfortunate speculative furor of last April. The movement of the copper stocks was practically parallel with this upward swing of metal prices. But the disappointment which the stock market has professed with the slump in the red metal to around 18 cents a pound appears to have been overdone.

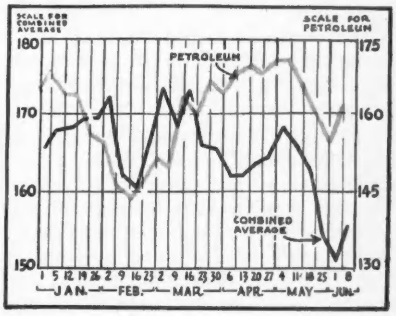


Even assuming some further recession in prices and allowing for the curtailment in output that has lately occurred, earnings for the copper group should prove far from disappointing. As already stated, record profits have been made in the first half on prices averaging between a little less than 17 cents a pound monthly and a little more than 21.26 cents, whereas the average for all of 1928 was 14.71 cents a pound. Even with 14 cent copper the low cost companies are able to do well. Should the metal hold between 17 and 18 cents for the next several months, the larger and stronger units may be expected to show considerably better earnings than are now indicated by the average price level of the copper stocks.

Oils Improving

In the oil industry, efforts to follow the example of the copper producers by eliminating waste and balancing production against demand, have now been actively underway for some time. Thus far, owing to the conflicting interests involved, the task of conservation has proven most difficult. The recent conference of Governors of the oil producing states, held at Colorado Springs, reached an impasse and adjourned, subject to reassembly at the call of President Hoover, after further study has been given to the numerous difficulties facing a constructive program of conservation.

The rocks on which the conference split give a very good clue to the relative position of the oil companies. The independent producers have complained that the larger companies, especially those having sources of production in South America and Mexico, have things very much their own way. The former are demanding tariff protection against the importation of cheap crude oil.



While prices of crude are relatively low, the pinching in of large potential production acts as a check upon any decided tendency toward improvement in this direction. The real sufferers in this situation are, of course, the strictly producing companies whose profit margin is very low.

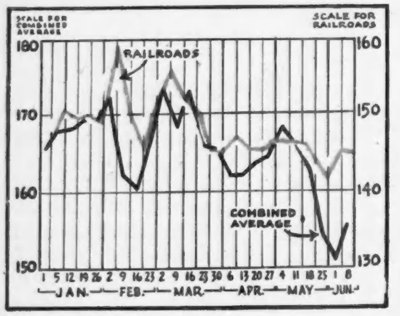
On the other hand, companies with well rounded activities do not appear greatly concerned over the slow progress made toward effecting restrictive measures. The steady, normal expansion in gasoline consumption has operated to strengthen the price situation in that commodity since the beginning of the year. Thus, the increasing spread between crude oil and refined prices spells larger earnings for the refining companies.

Moreover, the prolonged depression in the oil industry has caused the large, well rounded oil companies, like the railroads, to turn adversity to good account. Operations have been brought to a high state of efficiency. A period of recovery in the industry, or ultimate success of the conservation program would thus redound sharply to the benefit of the more completely integrated organizations.

Meanwhile, the strong gasoline market has already materially altered the complexion of earnings reports of the latter classes of oil corporations. Production, even without legislative aid, appears under much better control than formerly and with prospects favoring a continuation of reasonably good conditions for the greater part of the year, well situated companies are likely to maintain the gains in net profits already shown in the fore part of the year.

Marketwise, these conditions have found mild reflection in the oil group. The average price level of representative stocks moved somewhat higher late last year.

Further gains have been made thus far in 1929. These gains have not been large in the aggregate, but on the other hand, neither did the oil stocks suffer greatly during the late spell of liquidation. In fact, the uncertain condition of the market would seem, in some degree, to have prevented adequate recognition of the fundamental improvement in the position of the refining companies being given.

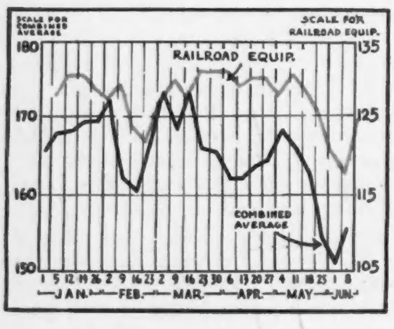


Rail stocks also, seem to have been prevented from giving cognizance to recent favorable events by the dampening of the market's speculative ardor as a result of the credit crisis. Here again, as in the case of the oils, the simple influence of an improving earnings position has been inadequate to fire speculative enthusiasm and the rails have moved sluggishly in sympathy with the oils for months past.

The consistent betterment in earnings position of the leading roads, attending a high average traffic movement and steady lowering of operating costs in late years, nevertheless has been reflected in a gradual and unostentatious price enhancement of the stronger stocks in this group. The upward movement has, by no means, attained the scope and range of that scored by, say, the steels or coppers, owing to the lack of speculative attraction which the rails have held.

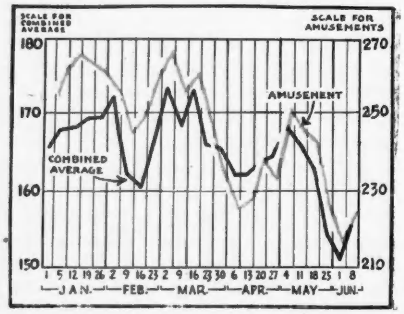
The favorable valuation decision rendered by the U. S. Supreme Court in the O'Fallon Case, however, has lately brought this group into better favor. This is indicated by the fact that the rails suffered relatively much less in the recent liquidation than the industrials, and many of them have quietly been pushing into new high ground. With the fear of restrictions upon earnings that prevailed prior to the Court's ruling in the O'Fallon case now largely removed, it would seem that more attention will be devoted to the excellent earnings position of the carriers.

April net operating income of the Class 1 roads set a new high record, increasing 33.4 per cent over April, 1928. Old peaks were likewise passed by results for the first four months of the year, the gain for this period being 22.8 per cent. This rate of increase is not likely to be maintained for the balance of the year, particularly since the showing made by several roads for the first half border almost upon the phenomenal. From present indications, however, it seems fair to infer that per share earnings of the principal railroads, viewed as a group, will excite the envy of even the most strongly situated industrials.



It is axiomatic that railroad prosperity is a precursor to active and extensive equipment buying. Competition among freight car manufacturers is very keen, however, owing to an excess of production facilities. Something of the same condition exists in other branches of the industry, at least, in the prevailing state of the equipment markets where demand, for the last few years, has been slack. Hence, though the earnings outlook for practically all equipment companies has improved materially, expectations for this group probably should not be set too high. Since the beginning of the year, equipment buying has improved substantially. Locomotive builders, for example, booked more orders in the first four months of the year than in all of 1928. Railroad appropriations for replacements for 1929 have been estimated at approximately 800 million dollars. Whether substantial additional sums will be released for expenditures on equipment as a result of the O'Fallon decision, is still an open question. In any event, buying thus far has been more liberal than in the preceding two years and there appears no valid reason why this improvement should not continue for the balance of the twelve-month. Though their status is not so favorable, from an earnings standpoint, as some other groups, the outlook for the equipment companies is nevertheless promising, with specialty manufacturers in the most favored position owing to the greater diversity of operations which the latter enjoy.

Machinery and electrical equipment makers fall into the classification of companies like the steels, coppers, rails and tires whose earnings for the first half year may be best designated as excellent. The former are expected to show a gain of roughly 50 per cent in net profits over the first half of 1928, and, as in the case of the steel companies, present indications suggest a material modification of the customary summer let-down. The ability of the machinery manufacturers and other favorably situated industries to maintain the first half yearly rate of earnings expansion through the second half is subject to question. Recessions in building construction and automobile production, taken in conjunction with a probable reduction in farm purchasing power attending the slump in grain prices, and a still unsettled credit situation, may be productive of some contraction of profits in the third and fourth quarters. Even so, net results for the year should still be highly satisfactory.



The electrical equipment companies have shown less striking gains than the machinery makers. These companies experience a decidedly more constant demand for their products, however, and with liberal appropriations for electrification of steam railroads and "superpower" developments in the public utility industry to bolster normal expansion of sales, the prosperity of this group seems assured for the longer range as well as immediate future In other words, the full year probably will show little material variation from the 10 per cent gain in net profits realized in the first half.

At the same time that superpower developments have tended to stimulate the business of the electrical equipment companies, the movement toward public utility consolidations, becoming extremely active of late, has also fostered a high degree of speculative stock market activity in many utility shares. The recent prevalence of such speculative buying should suggest the need for a great deal of discrimination on the investor's part is viewing public-

(*Please turn to page* 486)

A World Bank Is Born

Out of the Reparations Tangle Rises the Towering Structure of the International Bank of Settlement—An Institution Endowed with Wide Powers to Function as the World Clearing House for the Central Banks of Leading Nations

By J. F. Rudow

THE Dawes Plan is dead; long live the Young Agreement. Europe breathes a sigh of relief as the former experimental regime passes, with all its vexations for international politics and its unsolved difficulties for international finance. In its stead is enthroned the final agreement of the Paris Conference of Experts. There are no more open questions as to reparations payments, and international trade has obtained the backing of a permanent world banking institution to bring it back to normalcy and foster future expansion.

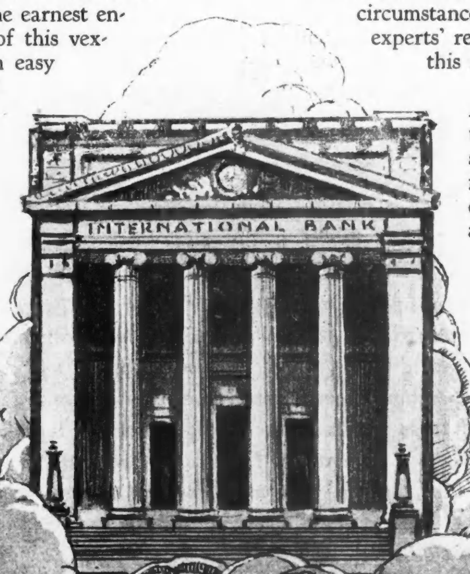
The experts tackled the problem to "finish the Dawes Plan" with calm business sense and the earnest endeavor to bring about some solution of this vexing question. Their task was not an easy one, because the problem contained numerous and widely differing aspects and the attempts towards their reconciliation repeatedly threatened to bring the conference to a premature termination and a negative result. The report of the experts as agreed upon contains two different factors, the fixation of the annuities and the total amount with which Germany is to be burdened in the final liquidation of the war costs and the machinery for the execution of the new plan in the form of an International Bank of Settlement.

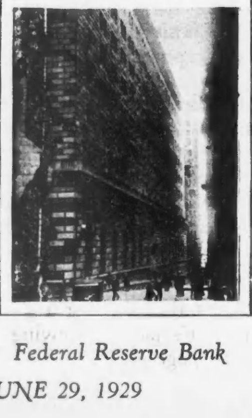
The latter one is by far the more interesting part of the report. That it is at least as important as the reparation settlement itself is shown outwardly through the fact that it occupies two-thirds of the experts' report. Though a necessary component of the reparation settlement it holds in its practical activities several highly surprising aspects, which have either nothing to do with the reparations or which at least have a very distant relation only to annuities and their mobilization.

To gain a proper perspective on the International Bank of Settlement it is necessary to review briefly the circumstances and conditions underlying the experts' recommendation for the setting up of this new bank.

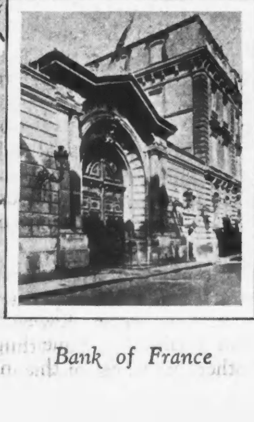
When during the second half of April both parties, the creditor nations and Germany, had finally presented their demands and best offer in plain figures together with their conditions, the following situation arose:

Germany refused to pay reparations in form of "transfer" since she was obliged to purchase foreign exchange in the open market. Her difficulty was particularly perplexing since the market for foreign long term loans had almost completely dried up and her ex-




Federal Reserve Bank


Bank of England


Bank of France


The Reichsbank

change became jeopardized with the burden imposed on it.

France refused to receive delivieries in kind unless she had the consent of the other creditor nations to sell such deliveries to other nations, whereupon England refused to consent to such practices for fear that it would result in a world wide replacing of English goods with German goods. All creditor nations desired the commercializing of their share in the reparation annuities, while the United States refused to accept any more German I O U's either for money paid or by way of endorsement as payment for allied war debts.

At this point the International Bank for Settlements was injected, set up as a neutral body between creditors and debtors. The functions of this new bank, as recommended by the experts and aimed at by its sponsors, are threefold:

1. To act as *trustee* for both parties in the matter of reparations and mobilization of the annuities.
2. To act as *Financing Institution*, as such still being linked to reparations.
3. To act as *World Clearing House* or *Super Central Bank*, as such not being linked to reparations.

Under the Young Plan, Germany's financial autonomy has been restored to her. The annuities have been fixed for 37 years plus 22 years at an average amount of GM 2,050,000,000, of which amount for the first 37 years GM 600,000,000, are unconditional payments and as such subject to mobilization. How the creditors will divide these payments amongst themselves is irrelavent for this present discussion. The annuities are to be paid into the new International Bank of Settlement where they will be credited to the different accounts of the creditor nations.

The payments are to be made in German exchange. The bank has to work out the transfer so that German exchange will be protected. The old Dawes machinery will be abandoned: There will be no Agent General, no Transfer Committee and control commissions. The authorities of all these are transferred in somewhat different and wider form to the new bank. The Transfer Clause and Prosperity Index have been exchanged for political concessions. The Bank will facilitate the commercializing of the unconditional part of the annuities. The logical consequence of this function as trustee for the Reparation Creditors was to charge the bank with the remittances of their debt payments to the United States and England. "Outpayments" they are called in the report.

Here appears a surprising and important aspect in the new situation. The allied creditors based their claims on the Balfour program, to obtain from Germany as much as they had to pay to the United States and England plus a fixed amount for war damages. The United States has always adhered to the principle that allied debts and reparations were two distinctly different matters and had nothing to do with each other. Under the Young Plan now it appears that we either secured Germany's name on the I O U of our debtors or that our debtors are transfering their claims against Germany to us with their endorsement as our security. Either way one looks upon this situation, the fact is undeniable that the actual relation between reparations and in-allied debts to us has been established through an international legal document.

The Functions of the New World Bank

THE Bank of International Settlement was created by the Young Plan with the primary purpose of superseding the Agent General of Reparations and the various control committees and commissions attached to this office. In this capacity, it will collect reparations from Germany and arrange for transfers of these credits to the creditor nations. It will underwrite Reparations Loans and place this financing in the principal investment markets of the world. It will use its capital and deposits to finance Germany's foreign trade. It will act as a clearing house for the Central Banks of the various nations of the world in the transfers of gold and credits.

The above illustrates briefly the functions of the new bank as the neutral agent and trustee for the liquidation of all war debts evolved in a form to eliminate political frictions. With the machinery for collection and disbursement of the reparations completed, the next step was to assure an uninterrupted flow of these reparations into the coffers of the new bank. To do this, Germany had to be enabled to make her payments without unduly increasing her foreign indebtedness. German export activities had to be encouraged. With the background of a capital of $100,000,000, deposits of at least $140,000,000 and foreign exchange on hand to the amount of at least $250,000,000 at all times, facilities to grant long term and short term credits, the new bank is well prepared to function as a Finance Institution on a large scale.

The bank should become important in rendering financial help for the opening up of new markets in weak or undeveloped countries by granting the necessary credits for the purchase of European, especially German goods. By thus increasing Germany's exports and strengthening her financial position, Germany's creditors assure for themselves prompt payment of the annuities. In time, the credits of the bank will become available also for purposes not related to reparations and thus become an important factor in international trade and commerce, designed to contribute enormously to a world wide prosperity.

As we see from this short sketch, the idea of reparations has again led up to the creation of an International Bank of Settlement. This relation disappears though when the sponsors enlarge upon the idea to make the bank a Super Central Bank; a World Clearing House. True, the starting point lies with reparations. The reason for the broad powers is as follows:

German annuities and their commercializing in form of international bonds will give the bank at all times a large amount of foreign exchange. The use of this exchange must necessarily bring the bank in close and direct relation to the Central Banks, which will be creditors or debtors with the Settlement Bank as the case may be. This relationship will become more intensified as time goes on and finally the new bank theoretically should become a World Clearing House. As a matter of course that would bring actual gold shipments to a minimum, even make them fully unnecessary if the Central Banks would deposit their gold holdings with the new bank instead of keeping them in their own vaults.

The idea to make a World Clearing House out of the new bank, however, does not only obscure but actually suppresses the relationship to reparations. This makes the proposed International Bank of Settlement by far the most interesting outcome of the Paris Agreement, and calls certainly for a closer investigation of these two above mentioned functions of the new Bank.

The plan of a World Clearing House is not a novelty. Long before the war, this idea had been widely discussed. The chief promulgators of this idea were the American Cortelyou, the Italian Luzzetti and the German Wolf. The

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Market Reflections

POOL operators are evidently convinced that, under present conditions, it would prove exceedingly difficult to attract a public following to the lesser lights, unless bull operations are based squarely upon sound reasons, such as dividend or earnings increases, and the like. Some of the more venturesome pools, indeed, have hit "hard sledding" recently in their efforts to push stocks higher on purely speculative grounds.

* * *

THE trading fraternity, however, has been complaining volubly over the difficulty of "making money in this market." Only a handful of selected issues move from day to day. The rest of the list has remained more or less stagnant, notwithstanding the fact that most issues have moved away from the late lows.

* * *

THE list presents a general appearance of strength, due to a further recovery in the more substantial issues, particularly those composing the popular averages. Action of the market has demonstrated that the cleaning up of weak accounts was completed in the May break.

* * *

THE quiesence of sundry industrial stocks, formerly actively sponsored by certain large operators, would indicate that the forced selling that brought these stocks down in the May break has largely terminated. It is fairly well known that new interests took over several of these issues at attractive prices. Doubtless that accounts for the stability these stocks are now exhibiting.

* * *

A DECIDEDLY encouraging feature of recent markets, from the investor's standpoint, is the fact that the greatest strength has been manifested by stocks of unquestioned quality. The vast array of more or less miscellaneous and nondescript issues, representing smaller companies, have been doing comparatively little.

* * *

A LONDON commentator complains that the dear money policy of the Federal Reserve is hindering the United States from fulfilling the obligations of a creditor nation, in that it is not bearing its full share of foreign financing. Our unfavorable trade balance for May gives some color to this contention, although the higher level of imports might also be attributed to a desire of foreign manufacturers to beat out an advance in tariff schedules.

* * *

AN exception may be made for the public utilities, however. In this quarter, the character of recent trading is reminiscent of previous occasions when the prevalance of tips to the effect that this or that issue is going up to such and such ambitious price, and the tendency of speculators to purchase certain stocks solely on faith, were forerunners of drastic reaction.

* * *

BOND buyers have derived encouragement from action of the money markets. Rates remained comparatively easy over the mid-June settlement period in contradiction of expectations, early in the month, that 20 per cent call loan money might again be witnessed. Business in the bond market is still very slow, however, possibly because investors are not yet certain that the stock market will maintain its present decorum.

* * *

EVIDENTLY the public has grown wary. Prospective buyers seem decidedly more inclined to ponder over the question of values and are less disposed to follow stocks simply because they develop bursts of activity.

* * *

IT is now generally assumed that no changes will be made in Federal Reserve rediscount rates unless the stock market should discard its commendable restraint and burst into a fresh speculative demonstration.

* * *

THE prevailing dullness and relative inactivity should, in the long run, prove a good thing for the market, first because of the credit situation, and second because of the beneficial effect upon the technical position of the list. It has been pointed out that a digestive process, similar to the present, followed the sharp reactions of March, 1926, and June, 1928. It is doubtful that broad, all-inclusive advances, equalling those which succeeded these breaks, can be expected. But individual stocks are now probably laying sound foundations for price appreciation later.

* * *

THE extraordinary activity at steel mills has caused an extremely heavy flow of iron ore from the Lakes region. Great Northern Iron Ore should be a beneficiary of this exceptional movement, since the company is an important shipper of that raw material.

* * *

KROGER GROCERY & BAKING has been acting better of late. The stock is now down approximately fifty points from last year's high.

* * *

MEANWHILE, the Reserve Banks would appear to have gone a great way toward placing themselves in an excellent position to stimulate domestic business by releasing reserve credit should the need arise. The present banking policy has attracted additional importations of gold. But even without these added reserves, the Reserve System appears to have ample resources. In fact, the wisdom of our dear money policy is beginning to be more actively questioned in many quarters.

* * *

GENERAL AMERICAN TANK CAR has lapsed into a state of inactivity since it sold ex-dividend around the fifteenth. Apparently, the shares are marking time, pending more interest in the rest of the list, since the company is in a strong position. Earnings have been running well ahead of last year.

* * *

INDIVIDUAL rails continue to make new highs from time to time. New Haven, Norfolk & Western, New York Central and Erie carried the banner for the roads in the past fortnight.

Joint Ownership Works to Investors' Advantage

By Glen N. W. McNaughton

of the New York City Bar

WHEN a person dies owning property there are two obstacles, both sometimes expensive, which must be hurdled before the beneficiary gets the property. The first one is probate proceedings; if there is a will the will must be proved, the executor confirmed and various court formalities complied with while if there is no will an administrator must be appointed to gather in the deceased's property, distribute it and account to the court. In a small estate the expense of these proceedings may be proportionately very high. The second hurdle is inheritance taxes—the state, and (in estates of over $100,000) the Federal Government, extracts a tax which must be paid before the beneficiaries can obtain the property.

Advantages of Joint Ownership

How far can these hurdles be avoided by having one's securities held jointly in the name of himself and wife?

First, as to probate and administration expenses. These can be saved in a great many states by having a bank account or securities registered in the names of two persons such as John Jones and Mary Jones his wife, as joint tenants. In some states it is desirable to add other words, such as "with the right of survivorship." In the event that John Jones dies, the wife gets the property by virtue of her interest in the property and not by virtue of any act of the deceased or his administrators after his death and so no confirmation of court is necessary to establish Mary Jones' right, and vice versa of course if Mary dies and is survived by John.

In such a case the expense and delay of probate and administration is saved and Mary gets the property and income immediately upon her husband's death—except for the question of taxes hereinafter discussed.

The above, of course, is only true in those states which have interests in property of that nature. On the next page are given the states which do not recognize any such interest in property and in those states, of course, this method of effecting a ready and inexpensive transfer of property at death is not available.

In the case of stock registered in the joint name of two individuals the dividends can be taken care of by both parties joining in the execution of a dividend order to the company. The question of whether the husband or the wife holds physical possession of the securities is of little importance if there is an effort and intent in good faith to create a joint interest in the securities with a right of survivorship in the longest liver.

IN response to widespread demand from readers for information on the subject of joint ownership of securities and other property, we have asked Mr. McNaughton to prepare this enlightening article. Those interested in the subject who have not already read the recent discussion on "How Inheritance Taxes Affect the Investor," which appeared in the May 18th issue, will find it valuable also.

Inheritance Taxes

Second, it is not so easy to save on inheritance taxes by having property owned jointly. In some states banks are forbidden to pay out any money after one joint tenant has died

and corporations cannot transfer the stock to the survivor until inheritance taxes are paid. In other states the transfer of property by a husband to the joint names of himself and wife might be an expensive procedure if the wife died first, since he then would have subjected his own property to an inheritance tax on half of its value in some states and in others on its full value.

The following is a copy of a letter sent out by a prominent savings bank:

"Mr. ....

Brooklyn, N. Y.

Dear Sir:

Pursuant to our telephone conversation of the 15th regarding taxation of joint accounts, we have consulted our attorneys and they have advised us as follows:

Whoever is the survivor, either husband or wife, has to pay an inheritance tax on one-half the balance in the account.

Yours very truly,

.... Savings Bank."

Recently the writer was in the trust office of a New York City bank and heard a trust officer give telephonic advice equally fallacious. Indeed, there is so much misinformation on the subject of joint accounts even in high places that a statement of the legal situation seems desirable.

The present New York law very clearly states as follows:

"Where personal property belonging to a husband has been placed in the joint names of such husband and his wife, with intent to create a right of survivorship in the wife as to the whole thereof and such property passes to the wife by virtue of her right of survivorship, the whole of such property shall be taxable as a transfer to the wife but if the wife dies before the husband, no part of such property shall be taxed as a transfer from the wife."

From the various groups of states given below it will be seen that in some states such an interest in property as a joint estate with the right of survivorship is unknown, in others the estate exists but there are no inheritance taxes on it, while in others the property is taxed to the extent of one-half the value thereof, while in others to the extent of the full value thereof.

State Laws Governing Joint Ownership

GROUP A

States which do not have joint estates in property with the right of survivorship:

Kansas
Louisiana
Washington
Oregon (not of personal property)
North Carolina (only has joint estates in bank accounts)

GROUP B

States where joint estates exist, but the statutes contain no provision as to inheritance taxes thereon. In these the practice is not to levy any inheritance taxes upon the vesting of the joint estate in the survivor.

Delaware
New Mexico

GROUP C

States which do not intend to tax any part of property passing from the decedent to the surviving joint tenant by virtue of his right of survivorship.

Arkansas
Maryland
Michigan
Missouri
Nebraska
Virginia
Pennsylvania

(However the right of survivorship in joint tenants has been abolished in Pennsylvania but may be created by contract and so as to the bank accounts in the joint names of husband and wife they are treated as tenants by the entirety and the right of survivorship appertains without the obligations to pay any inheritance tax.)

GROUP D

States which ordinarily do not tax estates passing to one joint tenant upon the death of the other unless it is shown that the transfer to the joint tenants was created to have it take effect in possession at or after death.

Maine

(where joint deposits are very rare because of the statute limiting the rights of banks to receive them.)

Minnesota
Vermont

GROUP E

States which assume to tax that portion of the jointly owned property passing by survivorship to the extent of the contribution of the decedent, and if no specific sum can be proved then it is assumed that each joint tenant contributed his proportion.

Massachusetts

GROUP F

States which levy inheritance taxes on property passing from a joint tenant as though a fractional part of the property to be determined by dividing the value of the entire property by the number of joint tenants belonged absolutely to the deceased joint tenant and had been bequeathed by the decedent to the other joint tenants; with this exception that in case of a joint property of husband and wife with the right of survivorship as to property belonging to the husband the entire value is taxed if he dies first, but there is no tax if she dies first.

New York

GROUP G

In these states the joint estate is taxable in the hands of the survivor to the extent of the contribution thereto by the decedent—in other words, if he contributed all, the property would be all taxable.

North Carolina

(Only as to Bank Accounts. See Group A.)

South Dakota
Texas

(This is the practice, although there is no statute on it.)

Wyoming
Federal Government
Ohio

(Ohio has only a very limited joint property law, applying only to bank deposits. As to other property jointly held it is treated as held by tenants in common with no right of survivorship.)

GROUP H

States which for the purpose of taxation treat jointly owned property as though it were owned by tenants in common; as though a fractional part of the property according to the number of joint tenants had belonged absolutely to the deceased person and had been bequeathed or devised, excepting such part thereof as originally belonged to the survivor and never belonged to the decedent.

Indiana
Montana
New Hampshire

GROUP I

States which impose an inheritance tax upon the value of the jointly owned property as though it were owned by tenants in common—viz.: in the case of the death of one of two joint tenants the tax would be upon one-half of the value of the property.

Illinois
Kentucky
North Dakota
Connecticut

(Connecticut does not so tax funds deposited in the joint names of two or more persons in a savings or checking account.)

GROUP J

States which tax the entire property passing from the decedent to the survivor of two joint tenants by right of survivorship except as to such part thereof as may be proved by the survivor to have originally belonged to him and never to have belonged to the decedent.

California
Idaho
Iowa
Mississippi
New Jersey
Oregon

(Applicable only to real property and joint bank accounts.)

Oklahoma
Rhode Island
Tennessee

GROUP K

This group includes states which impose an inheritance tax upon the transfer of jointly owned property to the extent of the fraction of the property passing from the decedent. The share of the decedent which is held taxable is deemed to have been equal to the value of the property divided by the number of owners, and this share is taxed to the survivor.

Arizona
Colorado
Georgia
South Carolina
Wisconsin

GROUP L

States which tax the full value of the property jointly held upon the death of one of the joint owners.

Utah

GROUP M

States which levy an inheritance tax when the transfer is made of property to the joint account of the transferer and others with the right of survivorship.

West Virginia

Buy Low and Sell High

The Aspiration of Every Stock Market Trader—And Then in the Greatest of Bull Markets Most of Them Buy High and Sell Low—How Do They Do It?

By Stephen Valiant

MOST everyone concedes that the public at large has enhanced its income rather handsomely out of the present stock market. The public invariably buys stocks—goes long of the market and dreads the short side. The market has advanced (according to all of the laboriously calculated market "Averages") for the past five years or so. *Therefore,* the public has added a cipher or two to its normal income through stock market profits. Q.E.D. and the problem is solved to the entire satisfaction of everyone—who looks no further than this into the matter.

To find out how the average customer is faring in this greatest of all popular markets, however, it would seem reasonably resourceful to question the customers'-men. These gentlemen are the appointed, sometimes self appointed, financial advisors who guide Mr. Average Investor through the maze and tangle of ticker tape on the road to fortune in the stock market. It is to them that the investor confides his hopes and aspirations in a quiet corner of a noisy boardroom. It is to them that he turns with apprehension in a wild session when the bulls and bears jostle the "pet stock."

The Small Investors Have Made Real Profits

Some casual visits to a few of our good friends in brokerage offices recently produced the net result of a complete upset of all our previous ideas as to how much money is being made *and kept* in this bullishest of all bull markets. We discovered that all the way up the line from the ten share trader to the affluent market "operator" with the Park Avenue address and a million-dollar credit at the bank, this business of "buying low and selling high" is not quite so universal in producing over-night fortunes as one might suppose.

* * * * *

We reaffirmed, of course, our general notion that the public is buying stocks and that by and large stock quotations have been advancing for an inordinately long period. But from this step on, the investigation showed some rather confusing results. Incomprehensible as it may sound, we learned that a good deal of ready cash has been contributed to this market by customers who do not hesitate to thunder ferociously at their erstwhile advisors. Then, presumably they quietly vanish with a pleasant explanation to interested friends that they are "out of the market."

This may possibly account for the fact that Smith's neighbor knows for a fact that he made $50,000 on General Electric and Radio. When we talk with Smith's customers'-man, however, we hear a different version of the same story. Smith opened this account a year or so ago and bought perhaps 100 shares of stock of a leading industrial corporation. The stock went up twenty points; was split up and went a little higher. Smith had a few thousand dollars profit. Everyone was talking about stock market profits in those days and having enjoyed a fair sample of this much discussed stock market prosperity, our friend Smith put a few thousand more into the account. Then he took out a mortgage lien on one of the front row chairs in the customers' room. Smith continued to buy stocks, of course. He was not so foolish as to "sell America short" as the Dean of American journalists puts it, and he profited by the advice.

Thoroughly acclimated by this time to the pleasant atmosphere of the broker's genial board-room in a rising market, Smith picked up a few bad habits. He turned a few profitable trades on a "trick" that he learned from a fellow customer. The plan was quite simple. When a popular stock advanced into new high levels, he bought it irrespective of race, creed or color. In the process, he over-extended his operations to a degree that threatened to impair his cordial relations with his broker.

One of these stocks, bought just as it went into a new high for all time, took a rather nasty tumble—right in the face of a strong market. Smith "averaged," only to find himself with just twice as many shares of an over-exploited stock, which showed additional losses when the general market reacted. By this time, Smith's equity (which by the way was awfully close to $50,000 at one stage in this story) became inadequate to carry all of his stocks. Every weak session in the stock market sent shivers of cold fright down Smith's spine. Soon all of his holdings began to look like pretty flimsy issues, especially on a thin margin. He sold the ones he could, usually, just before they turned the corner. Naturally enough, the shares he "could not sell" went lower.

This procedure cost Smith a good share of his handsome market profits so widely discussed by the neighbors. Yet all of this time he was buying stocks, and the market was going up. Thinking not so much of Smith but of the thousands of similar customers in this market, we pressed his genial customers'-man for an explanation.

"Well, this is the best explanation that I can make," said the financial advisor with a tone of frankness that heightened our anticipation. "The good Lord cut Smith and his type out to be investors. As long as they stick to this role and buy good securities to hold, they do very nicely. Among my own customers I can say that literally millions have been made in this market by the small fellows that bought good stocks and kept away from the ticker every day. Those that lose money are the ones that 'buy low and sell high.'"

Paradoxical as this explanation sounds, we think we understand what he meant.

What "Out-of-the-Market" Means

* * * * *

There was a game called Follow-the-Leader that we used to play when we were younger. When the leader stumbled, intentionally or otherwise, the followers had to stumble also. Apparently the game has not changed much since that time. Most of the "buy-low-and-sell-high-ers" in this market are playing follow the leader, whether they know it or not. According to one of our confidants in brokerage circles, not a few of these leaders stubbed their toes in the recent market break.

If this news gives any satisfaction to the followers who are rubbing their own bruised toes at the moment, let us proceed with a few of the illuminating details. By a sheer accident we found ourselves entertaining a young man recently, who had been appointed by his broker-employer as a sort of nurse maid to Account Number 55. This, of course, is not the number of the account but it will serve our purpose and at the same time obscure the identity of a certain successful stock market operator whose name appears in the financial pages of the newspapers a good deal.

This is the story, therefore, of Account Number 55. The accumulation of stock for this account was quite a tedious undertaking when the operation began, because the public was in the market with both feet. Board room traders were looking for stock that showed some signs of going up on the tape and it was many months before the really huge buying orders given to the firm could be filled without creating too much stir.

Frequently, blocks of the stock were thrown back on the market to discourage the rank and file of board-room traders. Once the news leaked out somehow that the famous operator was placing heavy buying orders for the stock in question and an undesirable following came into the market uninvited. It took a month to wear down the patience of these buyers. Finally they dropped out one by one, the pool willingly buying their stock. But all this consumed valuable time in a strong market.

In the meantime the banks, either on their own initiative or on orders from Reserve Board officials began to hand out some advice to their customers. Thus, the proud owner of Account Number 55 found himself long of a huge line of stock on balance with his bankers hinting that this was no time for spectaculars that would be likely to disturb the peace of mind of Senators and Federal Reserve board members. Mr. Operator had ideas of his own, however, also a generous quantity of courage in his make-up.

Slowly but impressively, the stock started to rise. Little selling was encountered on the way up, presumably because the patient buying of many months previous had taken considerable portion of the floating supply out of the market. It was not long before the movement attracted the attention of traders. Also it attracted the attention of Mr. Operator's banking friends. Instead of friendly advice, this time he was told bluntly that the banks were not anxious to support speculative operations that would increase their already large collateral loans.

The ultimatum was made so bluntly in fact that Mr. Operator sent back word to his banker friends that they could jolly well go to .... well, we won't quote him here, for after all he may have said something else. At any rate, our charming guest informed us that whatever he did say cost him a cool million dollars, when the bankers withdrew their support.

* * * * *

Be it in the modest form of a ten-share trading account or the ambitious plans of a powerful pool operator, the moral of these stories is that the consistent and substantial gains from this market are not being realized by those whose sole objective is a quick turn in "buying them low and selling them high." This was rather convincingly disclosed by these recent jaunts through brokerage offices. The most significant fact brought to light is a strong confirmation of something that we have suspected for a long time, namely, that the real money is being made in this market by the investors who buy good securities at the right price and hold on to them.

This applies to the big institutions as well as the odd lot buyers.

There is said to be about two billion dollars available to the many investment trusts that are operating at present in the security markets. Yet it is a safe guess that the percentage of this fund that is used for the purpose of getting quick profits out of the speculative stock market trading is at least as low as the legal alcoholic content of "near-beer." Investment trusts buy primarily from an investment standpoint. When they sell, they do not sell for the purpose of taking a trading profit, but because from the investment standpoint, certain holdings of the trust are quoted at prices which are considered out of line with sound intrinsic value.

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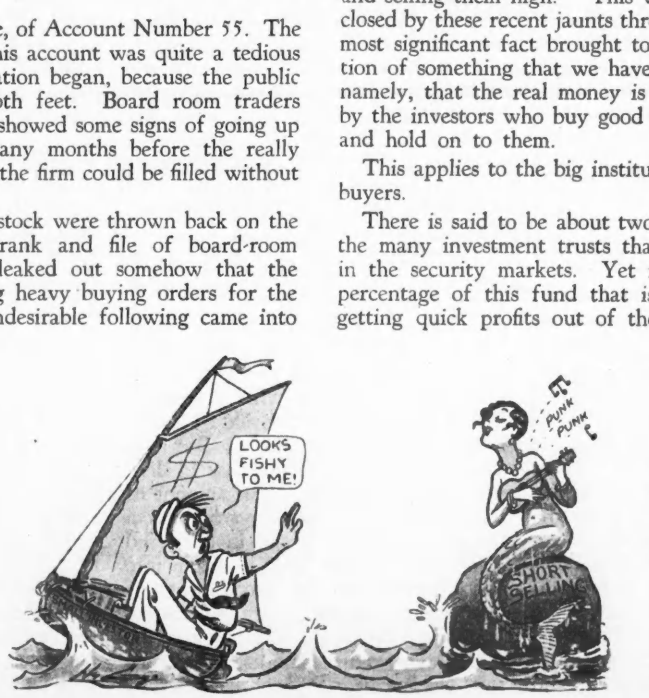


The Public Dreads the Short Side

BONDS

Now Is the Time to Buy Bonds

What the Current and Prospective Bond Market Holds for the Investor

By H. J. Knapp

> *THE position of the bond market is of particular importance at this mid-year period when investors are revising the list of their holdings. The suggestions in this practical article should thus prove unusually valuable and helpful*

THE counsel from the Secretary of the Treasury as to the desirability of purchasing bonds at the present time has received nation-wide attention. Coming from so high a source the question has been considered from many angles. While few would care to dispute the validity of such a statement, there remains a characteristic American attitude of mind on the part of investors, the desire to get below the surface, to the very bottom of things in fact, and to see just why the Secretary's statement was made.

Perhaps the first question to arise in many minds is a very broad and basic one—why buy bonds at all, now or any other time? The past few years have seen common stocks so continually in the limelight that bonds appear to have passed into relative obscurity in the eyes of not a few investors. Most bond salesmen are said to have become customers' men in fact if not in name.

Bond Markets and Stock Markets

When stocks were strongest bonds remained sluggish by comparison, as was inevitable, and the big profits went to the owners of common stocks. When the stock market broke under the pressure of the recent artificial credit stringency, bond prices fell at the same time. So why buy bonds? Have bonds, after all, any proper and necessary place among the holdings of the business man investor of moderate income or are they suited only to widows and orphans, trust funds, certain institutions and the like? Contrary to some of the old theories that bonds go up when stocks go down the spectacle of simultaneously weak markets and falling prices all around was enough to shake the faith of many who had long been staunch friends of the bond salesman.

Like many other trends this swing of the pendulum of investment favor from bonds to stocks is likely to be carried too far if, indeed, that is not already the case. Corrective counter movements are bound to come in time. Perhaps bond prices are even now at or near the trough of the wave.

The time honored principle of diversity in security holdings is still a sound one. Good bonds still have their proper place, and an important one, in any well rounded list. It is neither necessary nor desirable to attempt here to say just what proportion of any particular fund should be placed in bonds and what in stocks. But risks should be divided, in this case in division there is strength. The amount of the fund, the thousand variations in the personal status of the investor and many other factors must be taken into consideration, but the broad principle that *some* part of every substantial portfolio should be represented by high-grade fixed income bearing securities has never yet been successfully contradicted, although its validity has often been challenged.

After agreement has been reached on the basic principle that bonds should be bought at some time, for the sake of proper diversity of holdings if for no other reason, the question next arising is why the present is the time to buy bonds. Will not the downward trend of bond prices continue, piling up losses on current purchases and making better values available later on?

Why Buy Now?

A financier of great experience and with a long record for success in investment matters is quoted as saying that he buys whenever he has funds available without waiting to try to pick rock bottom prices, merely selecting the type of securities which to him seems most attractive at the moment. Applying this idea at the present time and choosing broadly as between stocks and bonds no quarrel can be had with the man who holds that stocks are relatively inflated in price, even after the recent market break, while bonds are relatively deflated. Bonds as a class may, of course, sell lower and stocks higher but, by the test of relative inflation, stocks seem more likely than bonds to encounter effective resistance on the up side while bonds appear more likely to meet good support at present prices. Based upon this reasoning and speaking broadly bonds now seem in the more attractive buying range.

The most timely consideration of all at the moment is probably the bearing of the present credit situation on the outlook for bond prices. After months of uncertainty everyone wonders what the Federal Reserve Board will do next and what the results of that next move will be. A few deductions from the recent past may now be made with some degree of confidence.

Attempting to deflate the stock market and at the same moment to maintain everything else in business and finance on an even keel is like cutting off a man's head and expecting the rest of his body to continue to function in a normal manner. The same people are interested in both business and the market, if you shake their confidence in one you shake it in the other as well. The market has, over and over again, been proven to be a vital part of the business world and cannot be separated or segregated from the rest of that world and dealt with alone. If the market is thrown out of gear by artificial means the whole business world is bound to suffer. The national fund of credit cannot be divided into air-tight compartments and the use and destiny of each section controlled as a unit. Speculation in stocks, as in land or anything else, may admittedly be carried to extremes, but speculation is nevertheless a vital and necessary part of business and excesses, when they occur, will in the long run supply their own correctives.

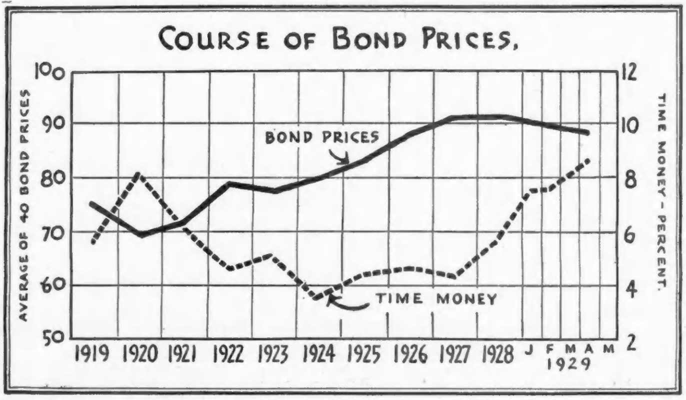
Effect of Recent Liquidation

The recent forced liquidation in the stock market brought with it a train of undesired and undesirable consequences which many believe to have more than counterbalanced possible benefits. In part at least the late break in prices of wheat and other commodities was a direct result of forced sales of securities and strained credit conditions, yet certainly nobody professed a wish to reduce the prices which the farmer might expect to receive for his products when Congress was at the same moment struggling to reach an agreement on legislation for farm relief. Continued high interest rates here have resulted in renewed importations of gold which we do not need, and do not want, while these shipments have disturbed the equilibrium of foreign financial centers and have already been a cause in the disruption of credit conditions in many parts of the world. If longer continued and pressed to greater extremes our tight money policy might easily bring about no end of trouble far from the center of the New York Stock Exchange.

The logic of this situation appears to be having the effect of checking the artificial tight money policy. Business in general has hoped for a relaxation before it becomes too late and has maintained a surprisingly high rate of activity through the period of uncertainty. With the hoped for relief now apparently in sight both business and the market are again taking heart. The end, very possibly, of the tight money period is already at hand. To ease the situation the Federal Reserve banks are reported to have been buying bills for some time past and high banking authorities are predicting that the next logical step, the purchase of bonds, will not now be long delayed.

Demand for Easier Money Rates

Not only do general business conditions demand an end of the artificial credit stringency but a great volume of new financing awaits better stabilized money rates and upon the success of such financing the prosperity of this country and in large measure the prosperity of the whole world depends. Relatively few new bond offerings have been floated during recent months and without question a large volume of such business would come out should a definite and sustained turn for the better appear in the bond market. The international agreement regarding reparations lately arrived at in Paris is expected to result in the end in heavy flotations of foreign bonds in this market and if such offerings are to be successfully absorbed the market must be prepared to receive them. Viewed from almost any angle it seems probable that the authorities are now satisfied, in a measure at least, with the action of the stock market under the pressure already applied and if this is true there is good reason to believe that the worst phases of the credit squeeze are already matters of history. Of course if the stock market should suddenly again develop into a runaway affair likely to lead to an orgy of speculation pressure might again be applied, but there is sound basis to hope that such a situation may be avoided.



Not Likely to Go Lower

The net result of reasoning based upon the present credit situation then is that bonds as a class are not likely to sell at materially lower price levels because interest rates are likely to trend lower rather than higher. A definite although probably not a spectacular upturn in quotations would not be surprising in the near future. Under such circumstances the statement that the present is a favorable time to buy bonds is seen to rest upon a solid foundation and the chief question remaining to be answered is what bonds should be bought.

The old axiom still holds that when buying bonds safety of the invested principal should be the first consideration. Even this sound principle can, however, be carried too far. Certainly it is not a wise policy for the average investor to disregard all other considerations and restrict his purchases to United States government bonds or to the highest grade municipals. Such bonds, being fully tax exempt, are suitable for the man whose income is so great that he is subject to the higher brackets of the income surtax and to institutions and trustees forced by law to confine their purchases to "legals" but the man of average income can secure a far better return with adequate protection through the purchase of corporate issues fully taxed. Don't compete with millionaires and institutions and limit yourself to the small return available upon tax exempt bonds unless your income justifies such a policy.

A sufficient measure of safety may be secured through the purchase of corporate bonds if due regard is paid to the industrial position, capital structure and earning power of the company. The industry in which the company whose bonds are under consideration is engaged should be sound economically, of a stable character and one with a satisfactory outlook for future development not dependent in too great a degree on external and changeable factors such as tariff laws. Capital structure should be sound and a safe rule to follow is that for every dollar represented by bonds there should be two dollars represented by ownership equities, common and pre-

ferred stocks. The earning power of the company even more than the value of its assets is the final test of safety both for bonds and stocks alike. Over a period of years, the longer the better and including bad as well as prosperous times, there should have been demonstrated a record of net earnings sufficient to cover interest requirements at least twice over. Bonds of companies meeting such tests are almost certain to prove satisfactory investments. Details of the tests applicable vary, of course, with the type of business in which the company is engaged.

In the list of "foreigns" there are many issues offering very liberal yields compared with high grade domestic bonds. In analyzing foreign bonds it is necessary to subject the issuing company to all the tests applicable to a domestic company of the same type and to consider in addition the political situation within the country in question and the larger problems of its relations to our own nation. Against foreign government bonds the important tests are the financial ability of the country to meet its obligations, the stability of its government and its political system, and its record for willingness to pay its debts even when it is difficult and costly to do so. If the proceeds of the loan in question are used for wealth producing purposes the bonds are in a much stronger investment position. For the discriminating investor there are now without doubt many foreign bonds which are selling at genuinely attractive prices.

Bonds With Equity Features

Convertible bonds, bonds carrying stock purchase warrants and other speculative or semi-speculative features deserve special mention as they are now so popular. One seldom gets anything of real value for nothing. The premium to be paid for any special provisions attached to a bond should be computed by subtracting from the cost price the real value of the bond alone found by comparison with other issues of like type and grade bearing no speculative features. This premium will often be found to be greater than it is worth. If the premium is not excessive relative to the reasonable near-term value of the equities involved these speculative provisions sometimes add real attractiveness, but they should not be purchased blindly and without due analysis of their real value.

It should be remembered that the purchase of bonds bearing special speculative provisions amounts necessarily to an intermingling of invest-

(Please turn to page 482)

Bond Buyers' Guide

NOTE.—The following list of bonds has been arranged solely on the basis of current yields to maturity. The position of any issue is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Panama 5½s, 1953 (a)	....	...	102½GT	100	5.5	5.5
Haiti 6s, 1952 (b)	....	...	100	98	6.1	6.1
Argentine 6s, 1959 (a)	....	...	100	99	6.1	6.1
Dominican 5½s, 1942 (a)	....	...	101G	95	5.8	6.1
Chile 6s, 1960 (a)	....	...	100	92	6.5	6.6

Railroads

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Atchison, Top. & S. F. Conv. 4s, 1955	267.4	5.51	110	87	4.5	4.8
Illinois Central 4¾s, 1966 (a)	....	1.75	102½GT	97	4.9	4.9
Pennsylvania 5s, 1964	....	3.25	105T	102	4.9	4.9
Central Pacific Guar. 5s, 1960 (a)	....	2.25	105GT	101	4.9	4.9
N. Y., Chic. & St. Louis Ref. 5½s, 1974 (a)	59.6	2.12	107½	105	5.3	5.2
Missouri Pacific 1st & Ref. 5s, 1977 (a)	125.2	1.28	105A	97	5.2	5.2
Rock Island-Frisco Terminal 1st 4½s, 1957 (d)	....	X	102½T	90	5.0	5.2
Wabash Ref. & Gen. 5½s, 1975 (a)	62.4	1.75	105AG	103	5.3	5.3
Central of Georgia Ref. 5½s, 1959	31.1	1.56	105AG	102	5.4	5.4
Chic. & W. Indiana 1st Ref. 5½s, 1962	49.9	1.50	105	102	5.4	5.4
Western Pacific 1st 5s, 1946 (b)	....	1.27	100	96	5.2	5.4
Great Northern Gen. A 7s, 1936 (b)	139.8	2.36	....	109	6.4	5.4
Nor'n Pacific Ref. & Impr. 6s, 2047 (a)	166.7	2.43	110G	110	5.5	5.5
Carolina, Clinchfield & Ohio 1st & Cons. 6s, 1952 (b)	13.9	X	107½T	106	5.7	5.5
Baltimore & Ohio Ref. & Gen. 6s, 1995 (a)	284.2	2.05	107½AG	108	5.6	5.5
Southern Railway Dev. & Gen. 6s, 1956	133.8	2.48	....	112	5.4	5.6
Cuba R. R. 1st 5s, 1952	....	2.78	....	87	5.8	6.0
Minn., St. Paul & S. S. M. 1st 4s, 1938	....	1.59	....	83	4.8	6.5

Public Utilities

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Indiana Natural Gas & Oil Ref. 5s, 1936	....	2.62	....	100	5.0	5.0
Pacific Gas & Elec. Gen. Ref. 5s, 1942	34.6	1.92	105T	100	5.0	5.0
Consol. Gas of N. Y. Deb. 5½s, 1945 (a)	....	5.40	106T	105	5.3	5.1
Columbia Gas & Elec. Deb. 5s, 1952	....	5.15	105T	99	5.1	5.1
Montana Power Deb. 5s, 1962 (a)	34.7	2.67	105T	98	5.1	5.2
Detroit Edison 1st & Ref. 6s, 1940 (b)	14.0	3.27	107½T	106	5.7	5.3
Utah Power & Light 1st 5s, 1944	....	2.90	105	96	5.2	5.4
Hudson & Manhattan 1st Ref. 5s, 1957 (b)	5.9	2.63	105	90	5.6	5.7
Amer. Water Works & Elec. Deb. 6s, 1975 (a)	12.7	1.43	110	103	5.8	5.8
Seattle Electric—Seattle Everett 1st 5s, 1939 (d)	....	2.01	105	94	5.3	5.8
Phil. Rap. Trans. 6s, 1962 (c)	10.0	1.31	105	99	6.1	6.1
Twin City Rap. Transit 1st & Ref. 5½s, 1952 (b) (d)	4.4	1.68	105T	88	6.3	6.5

Industrials

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Gulf Oil Deb. 5s, 1947 (c)	....	4.59	104AT	100	5.0	5.0
Youngstown Sheet & Tube 1st 5s, 1978 (a)	....	3.74	105T	100	5.0	5.0
Allis Chalmers Deb. 5s, 1937 (a)	....	4.61	103T	99	5.1	5.2
International Match Deb. 5s, 1947 (a)	....	57.03	103T	95	5.3	5.4
Chile Copper Deb. 5s, 1947 (a)	....	5.69	102T	95	5.3	5.5
Amer. Cyanamid Deb. 5s, 1942	....	9.52	100	95	5.3	5.6
Sinclair Pipe Line 5s, 1942 (a)	....	3.68	103	94	5.3	5.6
Bethlehem Steel Cons. 6s, 1948	101.3	2.64	105	104	5.7	5.6
B. F. Goodrich 1st 6½s, 1947 (a)	....	2.61	107A	107	6.1	5.9
U. S. Rubber 1st & Ref. 5s, 1947 (b)	2.6	1.70	105A	89	5.6	6.0
Loew's Inc., 6s, 1941 (ex-war.) (a)	....	6.70	105AT	97	6.2	6.4

Short Terms

	Prior Liens (Millions)	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Brooklyn Edison 6s, Jan. 1, 1930 (a)	12.0	5.87	105	100½	6.0	5.1
N. Y., Chic. & St. Louis 2nd & Impr. 6s, May 1, 1931 (a)	17.3	2.12	102	100½	6.0	5.7
Amer. Cotton Oil 5s, May 1, 1931	....	19.32	105	98	5.1	6.0
Sloss-Sheffield P. M. 6s, Aug. 1, 1929	1.6	3.75	105	100	6.0	6.0

Convertible Bonds

	Conv. Into	Interest Times Earned on All Funded Debt	Call Price	Price	Current Income	Yield to Maturity
Inter'l Tel. & Tel. Deb. 4½s, '39	Com.@200	6.02	102½	126	3.6	..
Atch., Top. & S. F. Deb. 4½s, '48	Com.@166.6	5.51	102	119¼	3.8	2.9
N. Y., N. H. & Hart. 6s, '48	Com.@100	1.69	...	125	4.8	4.1
Inter'l Cem. Corp. Deb. 5s, '48	Com.@90.90	4.61	105	103	4.9	4.8
Chesapeake Corp. Col. Tr. 5s, '47	C & O@220	2.45	100	98¾	5.1	5.1
Amer. Inter'l Corp. Deb. 5½s, '49	Com.@80	2.34	105	103½	5.3	5.2

All bonds are in $1,000 denominations only, except (a) lowest denomination $500, (b) $100.

A—Callable as a whole only. T—Callable at gradually lower prices. G—Not callable until 1930 or later. X—Guaranteed by proprietary companies. (c) Listed on New York Curb. (d) Available over-the-counter.

NEW YORK, NEW HAVEN & HARTFORD

New England's Favored Investment Continues Progress

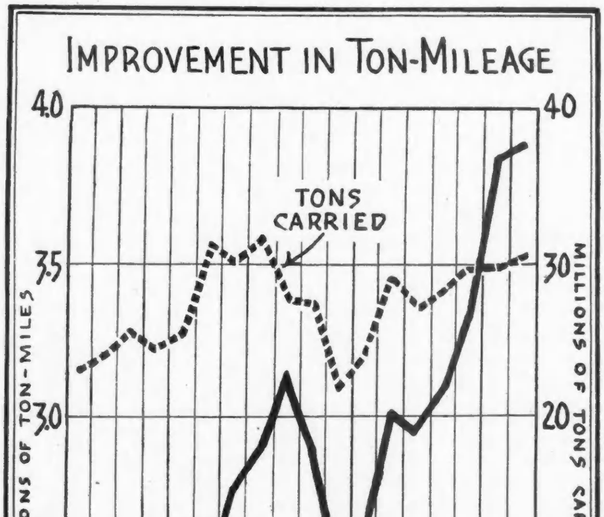
By MAX HALPERN

THE steady improvement of New Haven since 1923 is in large measure attributable to its capable management. Beginning with that year, both earning power and operating efficiency have reflected consistent progress and from a physical standpoint, the property has been thoroughly rehabilitated. Moreover, the company's credit and financial position have been greatly strengthened.

Serving the most densely populated and highly industrial portion of the country, it is important to observe that the economic recovery of the territory has also been satisfactory. It is true that there has been some migration of certain industries to other parts of the country, but it is doubtful if this is a permanent trend.

In its broader aspects this transition probably represents a more equitable distribution of industry, rather than any permanent exodus of manufacturing enterprise from New England. It should be noted that the region attained its economic maturity much earlier than any other part of the United States, and hence the movement of industry to other parts of the country is a natural development. How important a position economically the territory still occupies in relation to that of the entire United States, is apparent on examination of some statistics.

The lines of New Haven are situated in Connecticut, Rhode Island and Massachusetts. The foregoing states have an area of 14,379 square miles which is equal to .38% of the entire area of the United States. The population, however, is exceedingly dense, there being an average of 467 inhabitants per square mile as compared with an average of 332 inhabitants per square mile for the United States. The estimated population of this area in 1928 was 6,673,000 or 5.6% of the country's total. Of the 62.7 billion dollar value of manufactures reported in the United States for 1927, the three states reported 5.19 billions or 8.25% of the total.



As of June 30, 1928, the total bank resources of the United States were approximately 43 billion dollars and of this amount, 5.32 billions or 12.4% was reported for Connecticut, Massachusetts and Rhode Island. The total electrical energy generated in the United States in 1927 was approximately 75 billion kilowatt hours. Of this amount, 3.62 billions or 4.85% was generated in the territory served by the New Haven. These considerations reflect the soundness of the territory served by the New Haven road.

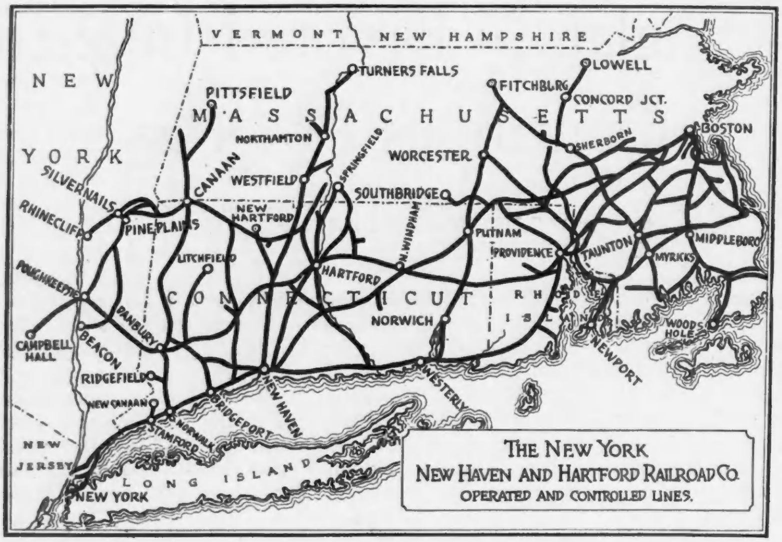
Large Traffic in Manufactures

Traffic is fairly well diversified, the largest item being manufactures, which averaged almost 40% in the past five years. It is doubtful if any railroad in the United States reports so high a percentage of manufactures as New Haven. Products of mines comprises the second largest group, averaging 34%. This group is subject to very wide fluctuations and fails to reflect any definite trend. The largest items are bituminous and anthracite coal. In 1928, the former totaled 4.5 million tons and the latter nearly 4 million. Forest products, products of agriculture and animal products follow next in order, with the first named item averaging 5.6% and the last two, 2.6%. Less car

load freight averaged 8.3%, a very high figure.

In 1928, the company transported 30 million tons of revenue freight. This compares with 28.9 million tons in 1923. Although the long term trend of tonnage is upward, no substantial gains have been reflected in the past decade.

Revenue ton mileage, as is apparent on examining the accompanying graph, however, is upward. The average haul per ton is relatively short. It increased, however, from 100.7 miles in 1923 to 124.5 miles in 1928, a gain of 24.2%. This has found reflection in a reduction in the average receipts per ton mile, which fell from 2.12c to 1.958c during the period under consideration. Nevertheless, New Haven reports one of the highest average rates per ton mile in the United States. One of the factors responsible therefor, has been the high percentage of manufactures transported, as well as the short haul.



Over 75% of all the revenue freight transported by this carrier is received from connections. This, however, is not an element of weakness, for the New Haven serves its territory without competition.

What New Haven failed to gain through the normal expansion of its tonnage during the present decade, was offset in all probability by the increase in its operating efficiency. Many operating difficulties, peculiar to the property were eliminated which might have prevented any increase in earnings, especially if the volume of tonnage assumed very large proportions.

To appreciate this phase of the situation, a glance at the map is essential. New Haven's mileage is spread out over a very small area. Its lines converge upon numerous terminal points, in consequence of which, many transportation difficulties arise. Formerly, numerous car yards were located on the various junction points of the system; all but three of these have now been eliminated.

The most important freight classification points are now at the Cedar Hill Terminal at New Haven, Providence and Hartford. At Maybrook, New York, where 25% of the system's interchange is handled, there is also a large classification yard.

The concentration of classification facilities at the first three points resulted in the elimination of many unnecessary operations. Solid trains are now classified at the Cedar Hill Terminal for 14 separate destinations as well as for numerous interchange points. In previous instances, there was necessitated the movement into and out of two or three terminals en route.

Passenger Revenues Important

Passenger revenues declined from 51 million dollars in 1923 to 47 million in 1928. The decrease in this item is of considerable importance, inasmuch as passenger revenues averaged 34.3% in 1928. There was a decrease of 20.5 million commutation passengers during 1923-1928. Nevertheless, commuter business comprised more than 60% of the total passengers carried in 1928. Freight revenues increased from 67 million in 1923 to 75 million in 1928. In consequence thereof, total operating revenues increased $3,682,466.

One of the reasons why New Haven's operating revenues reflect so large a proportion of passenger receipts, is the nature of the territory it serves. Outlying the City of New York are many residential suburban communities in Westchester County, as well as contiguous points in Connecticut. The population of these small residential centers has grown very rapidly, especially in the last decade. Short haul passenger business increased in proportion until the past year or two. The decrease in commuter business which has taken place since may be ascribed to the competition of the motor bus.

To meet the inroads of the latter, the company operates the New England Transportation Company, a wholly owned subsidiary. During 1928, the latter added eleven new lines, making a total of 58 lines operated, of which five are operated jointly. Passenger revenues of this bus subsidiary increased from 1.38 million dollars in 1926 to 2.86 million in 1928, net income was $108,251. Judging by the results thus far, the company has in a measure succeeded in meeting the competition of the motor vehicle.

New York, Westchester and Boston

Some of New Haven's commutation business has also been diverted to the New York, Westchester and Boston Railway Company, another wholly owned subsidiary, which operates between upper New York City and various parts of Westchester County. For many years, this investment proved a heavy burden upon New Haven's treasury. Even today it has not yet become productive, but there are some indications that it will cease to be a heavy drain upon the treasury of the parent company before very long. Since 1924, its operation revenues have increased from 1.5 million to 2.2 million dollars in 1928, a gain of $68,500. During this short interval, operating income rose from $318,233 to $527,868. This increase of $209,635 reflects the ability of the management to save a substantial proportion of any further increase in operating revenue for income.

Operating Efficiency

Total operating expenses decreased from 107 to 94 million dollars. Most of the reduction in operating expenses was absorbed by transportation expense, which decreased 9 million. As a result of completing its rehabilitation program, maintenance of equipment was substantially lowered without impairing the standard of the road. Maintenance of way however, rose from 16 million to 19 million. The operating ratio decreased from 80.5%

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to 68.4% during the five-year period under consideration.

New Haven's showing from an operating standpoint is highly satisfactory. Although gross ton miles increased 38.5%, the latter was accompanied by only small increases in both freight train and locomotive mileage. The number of cars per train increased from 34.5 to 45.7. As a result, gross tons per train rose from 1,222 to 1,594, an increase of 30.4%. There was also a gain of 35.5% in the average movement per freight train, the speed of which increased from 9.6 to 13 miles per hour.

Operating Income Rises

As a result of such operating improvements, gross ton miles per train hour rose from 11,675 to 20,694, an increase of 77.4%. Since the latter is the unit of railway efficiency and reflects all the changes in both speed and mass of trains, the foregoing changes are most noteworthy.

Train hours declined 21.3% and in reflection of this improvement, fuel consumption was materially reduced and there was a pronounced increase in the daily movement of freight cars, the average mileage per car rising from 12.4 to 23.2 miles.

Through these changes, the ratio of transportation expenses to total operating revenues declined from 39.6% to 31.9%. Net railway operating income increased from 13 million dollars in 1923 to 29 million in 1928, but non-operating income decreased from 7 million to 4 million. This was undoubtedly due to the consolidation of other operating properties which formerly paid dividends to the parent company.

It is important to note that fixed charges totaled 23.4 million in 1923 and earnings available therefor, were but 20.5 million, which resulted in a deficit. This compares with gross income of 34 million in 1928 and fixed charges of 17 million. During 1924-1928 net income totaled 46 million of which 4.7 million was paid in dividends on the common stock.

Investment in road and equipment increased from 280 6 to 351.2 million dollars during 1922-1928. Of the 70.6 million dollar increase in this item, 4.09 millions represented equipment. Among the more important improvements in recent years, was the installation of automatic train control which now totals 332 miles; the acquisition of new locomotives and the rebuilding of several thousand freight cars.

The last balance sheet shows 198.5 millions in stocks, bonds, notes and advances. Such investments form an interesting, though unfortunate, chapter in New Haven's history. They are not highly productive and some have been written down considerably. They represent mainly, holdings of street railways which were acquired many years ago, in an endeavor to attain a transportation monopoly in New England. Suffice it to say that they were in a large measure responsible for the greatest part of the company's earlier difficulties.

Financial Position Stronger

At the close of the last fiscal year, New Haven appeared to be in fairly good financial condition. Current assets were 30.4 million dollars and current liabilities amounted to 16.4 million. Included in the current assets were cash and other liquid items amounting to 15 millions.

The capitalization of the company consists of 282 million dollars of funded debt and 205.9 million dollars capital stock, the latter thus comprising some 42% of total capitalization. Interest on bonded indebtedness at the close of 1928 was outstanding at the annual rate of 4.6%. Included in the funded debt, were equipment trust obligations, totaling close to 17 million. There are no large maturities of bonds within the next five years. The 7% preferred stock was outstanding in amount of 48.8 million. Common stock totaled 157 million dollars.

Brighter Dividend Outlook

The most interesting aspect in the New Haven situation at the present time, is the resumption of dividend payments on the common stock, after a lapse of almost fifteen years. The present disbursements of $4.00 per share annually, appears rather moderate. An increase to $6.00 per share would involve additional payments of 3.14 million dollars annually, an amount that could be readily sustained after giving due consideration to such factors as current earning power and financial condition.

Aside from these considerations, it is important to observe that the New Haven holds 219,189 shares of common stock of the Boston & Maine Railroad Company. The improvement in the affairs of this carrier in recent years has been most pronounced. For every share of New Haven common stock, there is in the treasury 14 shares of Boston & Maine, common. Deducting the value of the Boston & Maine equity from the New Haven shares, based on current market quotations of $105 for the former stock, gives a value of approximately $95 per share on the New Haven stock. With earnings running at the rate of approximately $11 per share, it appears that New Haven's common stock is still undervalued at current levels of 110. Industrial activity in New England during the first three months of 1929 was maintained at a higher level than in any first quarter on record, from which it is reasonable to infer that some continuation of New Haven's earning power may be well maintained and though the shares are currently returning approximately 3.5%, their possibilities of further appreciation ultimately, do not appear exhausted.

The New York, New Haven & Hartford R.R. Co.

Revenue Statistics

	1923	1924	1925	1926	1927	1928
Total Operating Revenues	133,940,586	127,213,698	132,266,422	135,065,835	139,824,314	137,633,052
Transportation Expense	53,037,108	47,941,946	46,733,099	46,347,231	47,409,754	43,878,798
Total Operating Expense	107,816,094	97,480,323	97,745,382	99,540,260	100,278,251	94,148,641
Operating Ratio	80.5%	76.63%	73.9%	73.7%	71.72%	68.4%
Net Railway Operating Income	13,277,727	19,787,278	23,324,795	23,204,053	25,235,283	29,238,403
Non-Operating Income	7,192,233	6,369,248	6,987,098	6,756,799	3,604,088	4,861,902
Fixed Charges, Rentals, etc.	23,387,066	23,157,877	22,893,640	21,717,740	18,406,711	17,212,397
Net Income	2,917,105	2,998,650	7,418,252	8,243,112	10,432,661	16,887,908
Per Share	....	1.89	5.29	5.63	6.11	8.00

The Magazine of Wall Street's
Mid-Year Re-Investment Guide

THE problem of revising investment holdings which naturally rises before every prudent investor as the second half of the year opens, presents some little difficulty because of the complexities of current market conditions and the conflicting forces operative in the business world. The stock market has only lately recovered from a severe readjustment and industry has not been entirely without certain signs of uneasiness.

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As June closes, however, the trend of security values gives evidence of increasing strength and at the same time business is taking fresh confidence from the favorable settlement of the reparations problem, the enactment of farm relief legislation and an indicated trend toward more stable price conditions. While the latter six months may include a period of mid-summer dullness of more than usual intensity, the outlook is generally favorable and the tone of trade and industry is growing more optimistic. Encouragement for both business and the market is also to be derived from the strong indications that the policy of the Federal Reserve will be more lenient with consequent likelihood of easier money as the year advances.

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This is particularly significant to the bond investor. While it is hardly to be expected that the bond market as a whole will be subject to immediate upturn, it may be safely assumed that it will not seek materially lower levels. The investor should thus have the satisfaction of making his bond purchases at more favorable yields than at any time within the past three years and fairly close to bottom levels.

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To a lesser degree the same may be said for investment preferred stocks, but for the buyer of common equities the problem is not so easy. To him it must be emphasized that general market movements are of less importance. The major point is discriminating selection of issues sufficiently undervalued by current standards to afford reasonable yield or to possess such prospects as may find reflection in higher future values.

* * * * *

Whether the investor elects to confine his commitments to bonds, to preferred stocks or to common stocks or to a balanced and desirable diversity of all three for the employment of his funds, the accompanying tables are certain to present securities adapted to his requirements. All are considered sound and worthy of truly investment characterization.

Bonds

	Price	Yield	COMMENT
Allegheny Corp. Coll. Conv. 5s, 1949	99	5.08	Holding company organized by Van Swerlngens, functioning in the manner of investment trust. Bonds secured by pledge of shares of Chesapeake Corp., Ches. & Ohio R. R., Erie R. R., and Wheeling & Lake Erie R. R. Convertible until 1944 into seven shares 5½% preferred and ten shares Allegheny Corp. common. Sound issue for income with attractive possibilities for eventual appreciation.
American Gas & Electric Deb. 5s, 2028	94	5.32	Unsecured obligation of leading public utility holding company. Average earnings cover fixed charges over five times. Callable at 106 to 2008. Company likely to figure prominently in future consolidations. Sponsorship of Electric Bond & Share insures high type of management. Yield attractive for sound issue of this type.
American Rolling Mills S. F. Deb. 5s, 1948	96	5.34	Not secured by mortgage, but conservative indenture provisions protect holders against creation of prior obligations. Company largest producer of diversified line of sheet metal. Interest requirements earned by wide margin and outlook for company enhanced by valuable patents recently acquired. Bonds redeemable at 104 to 1932.
Buffalo, Rochester & Pitts. Cons. 4½s, 1957	86	5.48	Secured by a direct mortgage on 371 miles of track and all other properties of the road subject to about $4,425,000 general mortgage bonds. Non-callable. Suitable for conservative investor seeking a reasonable income return.
Carolina Power & Light First & Ref. 5s, 1956	99	5.11	Senior bond obligation of an important operating subsidiary of National Power & Light, an Electric Bond & Share unit. Secured by a first mortgage on major portion of property and direct mortgage on remainder. Callable at 105 to 1936. High grade bond, attractively priced.
Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.08	Secured by pledge of 600,000 shares of Ches. & Ohio R. R. stock or one share for each $80 of bonds. Stock has market value of about 220. Bonds convertible after 1932 into C. & O. stock at $220 per share. Conversion feature protected against any change in capitalization of C. & O. Bonds entitled to high investment rating.
Federal Light & Traction First Lien 5s, 1942	97	5.38	One of the smaller public utility holding companies, but having a successful record. Mentioned in connection with merger rumors. Earnings substantially higher last year. Bonds adequately secured and afford an attractive income return. Redeemable as a whole only at 102.
Firestone Cotton Mills Guar., S. F. 5s, 1948	92	5.70	Company is an important subsidiary of the Firestone Tire & Rubber Co., the latter guaranteeing the bonds as to principal, interest and sinking fund by endorsement. Secured by first mortgage on all of company's real estate and plants at New Bedford and Fall River. Callable at 102½ to 1933. Operation of large sinking fund will retire 80% of issue by maturity.
International Great Northern R.R. First Mtge. "C" 5s, 1956	93	5.40	Road controlled by New Orleans, Texas & Mex. R. R., in turn controlled by Missouri Pacific. Latter has applied to I. C. C. for permission to lease this and 22 other subsidiaries. Bonds together with series "A" and "B" secured by direct first mortgage on over 90% of main line mileage. Redeemable at 107½ to 1933.
International Match Co. S. F. Deb. 5s, 1947	96	5.34	Bonds are only funded debt of leading factor in the match industry with operations world wide in scope. Issue not secured by actual mortgage, but market value of junior securities of company indicates substantial equities for the bonds. Earnings afford unusually wide margin of safety for interest requirements.
Missouri Pacific R.R. First & Ref., "G" 5s, 1978	97	5.18	The substantial improvement in property, operating efficiency and earnings of Missouri Pacific in recent years reflected in higher investment character of road's securities. Further progress in view at this time. Bonds appear to be selling out of line with other issues of similar merit. Callable after 1933 at 105.
National Dairy Products Deb. 5¼s, 1948	97	5.55	An unusually attractive investment issue. Senior obligation of rapidly growing company already ranking as an important factor in its field. Earnings trend sharply upward and further expansion indicated. Selling about six points below their earliest call price and yielding a liberal return, the bonds are a commendable opportunity.

(Please turn to page 404)

Bonds (Continued)

	Price	Yield	COMMENT
New Orleans Public Service First & Ref., 5s, 1952	90	5.79	Company is an important subsidiary of Electric Power & Light and supplies gas, electricity and electric railway facilities to New Orleans. Bonds secured by a direct first lien on properties valued at over $20 million and a general lien on the remainder. Interest charges earned on an average of twice over.
Otis Steel Co. First "A" 6s, 1941	101	5.92	Secured by a first mortgage on the entire property of company. Consistent progress shown by company in recent years, and increased property efficiency and larger output has resulted in a steady gain in earnings. Bonds combine investment security with an attractive yield. Redeemable at 105 to 1931.
Paramount Famous Lasky S. F. 6s, 1947	98	6.20	Company engaged in all phases of motion picture industry and holds a commanding position. Rapid expansion has taken place during past several years, accompanied by higher earnings. Indenture provides for securing the bonds ratably with any prior issue. Callable at 104½ to 1932.
Postal Telegraph & Cable Coll. 5s, 1953	94	5.45	Recently acquired subsidiary of International Tel. & Tel. Organized last year to acquire the majority of common and preferred stocks of Mackay Cos. and at least 50% of the Commercial Cable Co. first 4s. Required amounts obtained and deposited as collateral security for these bonds. Company strongly affiliated and bonds entitled to sound rating.
Shell Pipe Line S. F. Deb. 5s, 1952	95	5.38	Subsidiary of Shell Union Oil, owning and operating the latter's extensive system of pipe lines. Bonds guaranteed as to principal, interest and sinking fund by parent company, which entitles them to rank among soundest of industrial investment media. Substantial sinking fund operates annually and bonds are callable at 103 to 1932.
Southeastern Pwr. & Lgt. Deb. 6s, 2025 (ex-warrants)	102	5.87	Company is important holding company with subsidiaries serving 868 communities in Southeastern territory. Earnings established a new high record last year. Important expansion plans now materializing. Bonds unsecured by mortgage, but amply protected by equities and earnings. Yield attractive for issue of this type. Redeemable at 110 to 2020.
Standard Milling Co. First & Ref. 5½s, 1945	101	5.41	One of the largest flour milling concerns in the world. Products extensively advertised and marketed under well known brands. Bonds secured by mortgage on all of company's property and by pledge of subsidiary company stocks. Highly rated issue, affording an appealing yield.
Western Pacific R.R. First "A" 5s, 1946	97	5.30	One of the most attractive issues in the rail group. Secured by a first mortgage on the entire property of the road and by the deposit of various securities. Interest requirements are not burdensome. Road likely to be eventually consolidated with one of larger Western carriers.

Preferred Stocks

	Price	Yield	COMMENT
Allegheny Corp. 5½%	101	5.45	Company strongly sponsored by Van Sweringen and Morgan interests and preferred stock although somewhat unseasoned qualifies as a sound medium for income purposes. Earnings will be derived from dividends on various railroad stocks, including large blocks of Chesapeake Corp. and Chesapeake & Ohio RR. It is believed that company may possibly acquire additional securities from time to time. Callable at 105.
American Power & Light 6%	100	6.00	Holding company under Electric Bond & Share supervision. Operating subsidiaries serve 850 communities in 12 states. About 80% of earnings derived from electric properties. Earnings both gross and net have increased consistently since 1919. Shares callable at 115, and combine an attractive income return with possibilities for eventual enhancement in value.

Preferred Stocks (Continued)

	Price	Yield	COMMENT
American Sugar Refining 7%	106	6.60	Leading refiner with operations completely integrated. Produces 13% of its raw sugar requirements. Earnings have fluctuated rather widely in recent years, but 1928 results showed sharp improvement. Dividends resumed on common stock this year and financial position has been materially improved. Outlook satisfactory. Preferred not callable and qualifies readily as a business man's investment.
Bush Terminal Buildings 7%	115	6.10	Guaranteed unconditionally by the Bush Terminal Co., who owns all of the common stock. Latter able to earn fixed charges and dividends on this issue on an average of about twice over. No mortgage can be created on company's properties without consent of majority of preferred stockholders. Guarantor company ranks among largest operators of docks and warehouse facilities. Issue highly rated and is selling five points below call price.
Columbia Gas & Electric 6%	106	5.70	Company is largest distributor of natural gas in the country, deriving about 60% of its income from that source. Properties interconnected and serve a populous industrial territory. Earnings equal to more than $30 on preferred last year and trend continues upward. Issue a conservative investment. Redeemable at 110.
Consolidated Gas Co. of N. Y. 5%	98	5.10	Company is largest electric utility in the world. Serves New York City, the most densely populated area in the country. Acquired Brooklyn Edison Co., a highly successful operating company, and important economies have been effected. Exceptional merger prospects and further acquisitions indicated. Preferred is one of the highest grade issues in its class.
Electric Power & Light 7%	106	6.60	Public holding company under supervision of Electric Bond & Share. Properties in two groups serving 634 communities in South and West and are being rapidly unified. Sale of electricity provides 60% of gross revenues. Earned over $17 per share on preferred stock last year. Shares afford unusually liberal yield for this class of security. Redeemable at 110.
General Cable 7%	105	6.70	Company is outgrowth of merger of a number of old established independent companies and is one of the largest manufacturers of copper wire and cables. Also bronze wire, rods, sheets, etc. Substantial operating economies have been effected and earnings gained over 175% in first quarter. About $26 earned on preferred in 1928. Senior stock issue attractive for investors seeking sound security and an ample return.
Goodyear T. & R. Co. 1st 7%	102	6.90	Senior stock issue of leading tire and tube manufacturer. Favored by satisfactory crude rubber situation and record-breaking production and demand, earnings outlook exceedingly bright. Interesting merger prospects. Dividends on preferred reasonably well protected and issue should appeal to those investors able to assume a business man's risk. Callable at 110.
Missouri, Kan. & Tex. R.R. 7%	105	6.70	While not entitled to a high investment rating, "Katy" preferred is a satisfactory medium for those able to assume a moderate risk. Earnings in 1928 equal to approximately $12.50 per share on the preferred. Number of shares outstanding increased from time to time by conversion of adjustment bonds. In the course of time it is possible that the preferred will be called and refunded by bonds or stock with a lower dividend. Redeemable at 110.
New York, Chi. & St. Louis 6%	107	5.60	Worthy investment medium with a good rating and obtainable on yield basis, attractive by comparison with the degree of safety afforded. Earnings cover dividend requirements by an ample margin and present trend upward. Road occupies a strategic position in relation to Eastern merger developments. Call price 110.
Radio Corp. of Amer. "B" 5%	80	6.30	Foremost company in field of radio endeavor and allied lines. Merger recently culminated with Victor Talking Machine Co. substantially broadened scope of activities. Talking motion pictures another important phase of operations. Holds valuable patents and benefits from strongest type of trade affiliations. Disparity between present price and call price of 100 for "B" preferred should gradually narrow as issue becomes more seasoned.
St. Louis San Fran. R.R. 6%	94	6.40	Semi-investment issue with possibilities for profit through eventual market price appreciation. Preferred dividend earned better than two and one-half times last year. Absence of seasoning reflected in liberal income return. Road is making satisfactory progress and the preferred shares should gradually attract a larger following among discerning investors.

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Preferred Stocks (Continued)

	Price	Yield	COMMENT
Standard Gas & Electric $4....	64	6.30	One of the largest of the utility holding companies. Operations cover every section of the country with properties in 19 states. Operating efficiency showing steady improvement and earnings have gained appreciably. Preferred stock is not callable and combines recognizable investment qualities with an attractive income return.

Common Stocks

	Price	Yield	COMMENT
Balt. & Ohio R.R. 124	$6	4.80	Attractive rail investment and fairly priced in relation to indicated earnings for the current year of $13 per share. The favorable O'Fallon decision will benefit the road and traffic conditions continue favorable. Additional stock recently issued to cover cost of improvements, etc. Jointly controls Reading, giving it a strong position in Eastern merger situation.
Great Northern R.R. ..110	$5	4.60	Earnings running at record levels and an upward revision in the dividend rate likely after I. C. C. decision on proposed consolidation with Northern Pacific. Stock undervalued on its own merit and not likely to be materially affected marketwise in the event of an adverse ruling by the I. C. C. Shares are of investment calibre with interesting possibilities for price appreciation.
International Harvester.108	$2.50	2.40	Company is leading manufacturer of farm implements. Operations are completely integrated and include large export business. Domestic sales likely to be given important impetus by enactment of Farm Relief Bill. High type of management and strong financial position. Shares, although not attractive for income, have excellent possibilities for the longer pull.
Kroger Groc. & Baking 85	$1 plus 5% in stock	6.12	An exceptionally progressive chain store system operating nearly 5400 units. Expansion has been rapid and aggressive, but per share earnings somewhat retarded by expenses in connection with frequent acquisitions. Important merger proceedings rumored to be under consideration and long range outlook suggests substantially higher prices for the stock.
Nat. Dairy Products .. 72	$1.50 plus 4% in stock	6.00	Company is largest manufacturer of ice cream and one of the leading distributors of diversified line of dairy products. Net income in 1928 gained 28%, but per share earnings held down by increased capitalization in furtherance of expansion program. Additional concerns purchased this year and further acquisitions under consideration. As a long pull proposition, the shares have distinct merit.
Norfolk & West. R.R..225	10	4.40	Another road which will benefit materially as a result of the favorable O'Fallon decision. Earned $21.25 per share last year and will probably earn about $25 in the current year. Dividends being earned by a wide margin and present trend of earnings warrant higher levels for the stock. Interesting merger possibilities.
Pennsylvania R.R. 82	4	4.90	A prime investment rail stock affording a satisfactory yield. The road is prominently identified with the Eastern merger situation and will undoubtedly play an active part in future consolidations. Dividends recently increased to $4 and earnings this year are showing remarkable gains, with over $8 per share indicated for full period.
Pullman Corp. 83	4	4.80	Stock is only capital obligation of company enjoying a virtual monopoly in its field. Earnings, although retarded somewhat by unfavorable conditions in railway equipment industry during the past several years, have been sufficient to meet dividend requirements. Present outlook favors improvement this year. Shares should yield satisfactory investment results over a reasonable period.
Texas Corp. 62	$3	4.80	Company is leading independent. Operations are completely integrated and marketing organization is nation-wide, with important foreign ramifications. Financial position strongest in company's history and earnings are gaining encouragingly in the face of aggressive expansion plans and increased capitalization necessary thereto. Shares reasonably priced on basis of current earnings and have well defined merit for long pull holding.

INTERNATIONAL MATCH CO.

World's Largest Match Company Affords Investment Opportunity

By HUBERT L. TENNET

THE International Match Co. is all that its name implies for with its many ramifications, operations are indeed international in scope and there is scarcely a country throughout the world in which the company is not an important factor in the match industry. It is always interesting to trace the fascinating phenomena of industrial and corporate growth and in this instance it is particularly so because the ambitions and plans of the company's management have not been hampered by anti-trust legislation and government meddling.

Swedish Match Unit

The company is a major subsidiary of the Swedish Match Co., Ltd., the latter controlling the match trade in over forty countries and known familiarly as the Swedish Match Monopoly. In common with many other enterprises figuring prominently in the world's commerce, the Swedish Match Co., Ltd., traces its origin to modest and humble circumstances but from the start has been a commanding figure in its field. The match industry in Sweden spread rapidly in the wake of the success which attended the enterprise of one Johan Edvard Lundstrom who, having started with a single small plant in 1845, lost no time in widening his market and increasing output. The beginning of the twentieth century, however, found the industry in a rather disorganized state and harassed by profitless competition. That situation was gradually rectified by the elimination of many of the smaller companies either through failure or merger and the bulk of the business became concentrated in two large combines. Finally in 1917 a merger of these two companies was engineered by Ivar Kreuger and they became the Swedish Match Co., Ltd.

With the ending of the World War the company was confronted with a serious problem originating in the urgent need on the part of many foreign countries to create sources of new revenue and replenish their much depleted coffers. Tariff rates were substantially increased and matches. owing to their widespread use by all classes of people and their comparatively insignificant price, became a popular object of taxation. In fact, an official report recently published stated that there is practically no country in the world which permits the importation of matches free of duty. The broad scope of Swedish Match Co.'s foreign business made it imperative that some counter action be taken. Accordingly, the policy of establishing factories on a large scale outside of Sweden was inaugurated and in the furtherance of this plan the International Match Co. (Del.) was organized.

In November, 1923, the International Match Co. acquired from the Swedish Match Co. and the Swedish syndicate co-operating with the Swedish Match Co., the greater part of the parent company's foreign investments and all of the investments owned by the syndicate. These investments constituted the majority or entire capital stock of companies controlling 42 manufacturing plants located in various countries outside of Sweden and all of the stock of the Vulcan Match Co., the United States sales company. All of the outstanding stock of the World Match Corp. owning a match manufacturing plant in Canada was also acquired. In effect, therefore, the International Match Co. became a holding company with interests extending to all branches of the industry including the manufacture and sale of matches, raw materials and match making machinery.

State Concessions

During the last few years a new and distinct branch of the company's business consisting of the acquisition and management of state concessions for matches, has become increasingly important. The company has granted large credits to various foreign governments which, as security for such credits, placed the match industry in the country under the management and control of the International Match Co.

Shortly after its inception, the company sold \$15,000,000 6½ per cent Convertible Debenture bonds, the proceeds of which were used largely for assisting subsidiary

THERE are few, if any, companies whose products are more universally consumed than those of the International Match Co. Nor can many companies boast of so broad a field of operations. This analysis portrays the company's rapid growth to a commanding position in the industry and its achievement of a high place in investors' esteem.

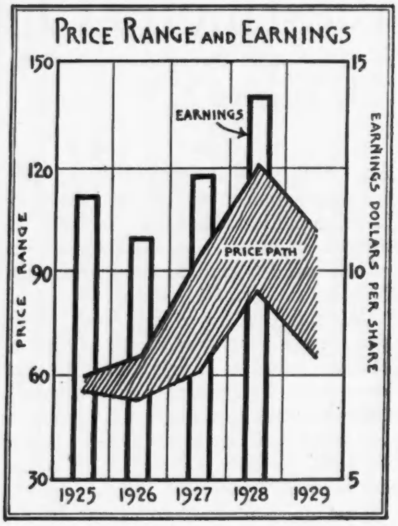
companies financially and enabling them to enlarge facilities and increase their output. The balance of the funds was expended in acquiring control of an English match exporting company, important interests in Japan and China, and a factory in Mexico City.

Bonds Retired

The issue of debentures mentioned in the preceding paragraph remained outstanding until early in 1925 when it was called for redemption and holders were invited to accept participating preference stock in lieu of cash on the basis of 30 shares of stock for each $1,000 of debentures. In that manner practically the entire issue was retired without any substantial outlay of cash by the company. Six months later 450,990 additional shares of preference stock were sold bringing the total outstanding up to 900,000 shares, the full amount then authorized. The International Match, at that time, under an agreement with the Republic of Poland took over the national match monopoly for a period of twenty years and the additional issue of preference shares provided the company with the necessary funds to finance this important development.

Under the terms of this agreement, a Polish subsidiary company was organized to take over the management of the monopoly and supply the funds necessary to acquire all of the then existing match factories in Poland as well as the necessary equipment and raw materials and for such rebuilding and enlargement as might be required. These funds were loaned to the subsidiary unit by the International Match Co. at a rate of interest amounting to not less than 12 per cent annually. In addition, the International Match Co. agreed to loan the Polish Government $6,000,000 at 7 per cent interest to be amortized at the rate of 5 per cent annually during twenty years. The Polish subsidiary in turn agreed to pay the Government a sum of 5,000,000 Zloty yearly and it was stipulated that the company could charge such a price for its matches as would enable it to pay a dividend of at least 12 per cent. All profits in excess of 12 per cent were to be divided equally with the Government.

The acquisition of the Polish Match Monopoly marked the first of a long series of similar agreements with other countries all of which were made on a basis designed to produce substantial benefits for the company but at the same time supplying various foreign governments with much needed funds and at a time when credit conditions and unfavorable economic forces in these countries made it practically impossible for them to obtain loans from bankers on terms as satisfactory as those obtained from the company. During the period of time from late 1925 to the close of 1928, the company obtained the match monopolies in Peru, Greece, Ecuador and Esthonia and agreements which either gave the company the sole concession or an important foothold under government protection were effected with Germany, France, Hungary, Jugoslavia, Latvia and Roumania. During that period considerable progress was made in the Far East, controlling interest was acquired in an important Norwegian manufacturing company, and factories were established in the Philippines, Algiers and Portugal.



On July 1st, 1927, an agreement between the company, the Swedish Match Co. and Bryant & May, Ltd., the leading British match manufacturer resulted in the formation of a new company known as the British Match Corp., Ltd., to which all of the manufacturing and sales interests of the Swedish-American group in the British Empire outside of Asia, were turned over. The new company also acquired all of the stock of Bryant & May, Ltd. The net result of this agreement was to consolidate the interests of the two leading factors in the British match industry into a single company, 30 per cent controlled by International Match.

Foreign Financing

As might be expected, considerable funds have been required to finance the company's loans to foreign governments and this phase of the business has steadily gained in importance. Recently, however, the management announced that in the interests of stockholders it was not deemed advisable to increase either the company's funded debt or outstanding stock for the purpose of carrying these loans and as a result of this conclusion had established co-operative relations with Kreuger & Toll Co., an investment and financing company, having a substantial stock interest in the Swedish Match Co. Arrangements have been made to have the Kreuger & Toll Co. take over the financing of state loans while the investments of an industrial and commercial nature will be retained by the two match companies. The management holds to the belief that this arrangement will aid considerably in facilitating future expansion and be productive of mutual benefits.

Capital Structure

At present the total funded debt of the company amounts to $49,447,500 consisting of an issue of 5 per cent Gold Debentures, due November 1, 1947. While unsecured by a specific mortgage lien, the bonds, merely as credit obligation of the company, are entitled to a high investment rating on the strength of the company's established importance and the wide margin by which average earnings have covered interest requirements.

Share capitalization consists of 1,350,000 shares of participating preference stock with a par value of $35 per share, and 1,000,990 shares of common stock, having no par value. The common stock is closely held with the majority owned by the Swedish Match Co. and public interest in the company is confined to the bonds and participating preference shares. The latter are non-callable and non-voting and are preferred over the common stock as to assets up to $40 per share and accrued dividends. After the common stock has received $40 per share in any distribution of assets the preference stock shares equally in any further distributions.

Dividends on the preference shares are cumulative at the rate of $2.60 per share annually but directors, if they so decide, may declare additional dividends regardless of what dividends, if any, are paid to common shareholders. In any event, the preference shares participate equally with the common in any further disbursements on the junior stock in excess of $2.60 annually. Preference stock has equal subscription rights with the common and is also entitled to share equally in any disbursements made in stock or otherwise. Both the common and preferred shares pay on an annual dividend of $3.20 per share at the present time. From the foregoing provisions it will be seen that the holder

of preference shares enjoys the benefits of a preferred stockholder without, however, foregoing the opportunity of sharing in the future expansion of the company's earnings.

Sales and earnings have reflected the increasing breadth of the company's field in recent years and sales, which totaled about $14,200,000 in 1921 exceeded $37,000,000 in 1926, the last year in which they were reported. Net earnings have increased from $3,662,000 in 1921 to $19,098,860 last year, a gain of about 420 per cent. The participating features of the preference stock requires that earnings, in order to arrive at a practical conclusion, be computed on the basis of the combined preference and common shares outstanding. On that basis net income after taxes and depreciation in 1925, 1926 and 1927 would have been equal to $5.62, $6.20 and $7.07 per share respectively on the outstanding stock. The upward trend was sustained in 1928, net income amounting to slightly over $19,000,000 equal to $8.12 per share on the combined preference and common stock. Financial position of the company at the close of the past year was all that might be expected of a sound and conservatively managed enterprise.

Preference Shares Listed

The preference shares are listed on the New York Stock Exchange being presently quoted around 84 at which level they are selling nearly forty points below their 1928 high of 121⅞. The decline in the market value was not abrupt but orderly and not accountable for by any fundamental change in the company's status or prospects. It would appear that market conditions have at least been partially responsible and it is also possible that the enthusiasm which attended the rapid advance in 1928 was premature. In any case, the shares now selling but slightly more than ten times 1928 earnings appear conservatively priced. This fact together with the consistency of the upward trend in earnings should appeal to the foresighted investor seeking a sound issue minus the more or less substantial premium which the market frequently places on shares of the larger and more successful industrial enterprises.

For Feature Articles to Appear in Next Issue See Page 374

PREFERRED STOCK GUIDE

NOTE: The following list of preferred stocks has been arranged solely on the basis of current yields. The position of any stock in the Guide is not intended as an indication of its relative investment merit. Readers should observe a proper diversification of commitments in making their selections from this list.

Railroads

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Norfolk & Western	4 (N)	160.35	133.40	133.73	No	85	4.7
Union Pacific	4 (N)	41.17	39.85	46.32	No	82	4.9
Atchison, Top. & S. Fe	5 (N)	48.83	40.47	40.21	No	102	4.9
Pere Marquette Prior	5 (C)	68.77	64.08	75.60	100	96	5.2
Baltimore & Ohio	4 (N)	48.41	38.44	49.44	No	75	5.3
Colorado & Southern 1st	4 (N)	52.56	57.76	49.45	No	75	5.3
Southern Railway	5 (N)	39.33	36.17	32.11	100	93	5.4
Wabash "A"	5 (N)	11.86	6.87	9.24	110	93	5.4
St. Louis Southwestern	5 (N)	12.00	9.30	8.84	No	87	5.7
N. Y., Chicago & St. Louis	6 (C)	24.65	20.31	17.68	110	106	5.8
N. Y., New Haven & Hart.	7 (C)	....	22.05	34.40	115	121	5.8
Colorado & Southern 2nd	4 (N)	48.50	53.76	45.46	No	68	5.9
Kansas City Southern	4 (N)	10.86	9.04	14.01	No	65	6.2
**St. Louis, San Francisco	6 (N)	16.12	15.28	17.44	115	95	6.3
Missouri, Kans. & Tex.	7 (C)	....	13.06	16.34	110	104	6.7

Public Utilities

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Public Service of New Jersey	8 (C)	§21.46	§16.28	20.92	No	149	5.4
Columbia Gas & Electric	6 (C)	27.81	25.42	30.78	110	106	5.7
Philadelphia Co.	3 (C)	24.20	28.28	16.55	No	52	5.8
American Water Works & El.	6 (C)	22.63	24.30	31.05	110	102	5.9
Federal Light & Traction	6 (C)	41.51	39.67	49.93	110	99	5.9
Standard Gas & Electric	4 (C)	20.09	16.76	14.07	No	64	6.2
Electric Power & Light	7 (C)	13.83	16.21	17.00	110	105	6.7
Continental Gas & Elec. Prior	7 (C)	26.28	32.71	22.39	110	104	6.7
Postal Tel. & Cable	7 (N)	....	....	7.19	110	104	6.7
Hudson & Man. R. R. Conv.	5 (N)	40.32	40.70	37.02	No	74	6.8
Amer. & Foreign Pow. 2nd	7 (C)	8.89	3.58	5.33	105	91	7.7

Industrials

	Div. Rate $ per Share	Earned $ per Share 1926	1927	1928	Redeemable	Recent Price	Yield %
Mathieson Alkali Works	7 (C)	67.86	74.06	84.50	No	121	5.8
Case (J. I.) Thresh. Mach.	7 (C)	29.39	38.43	32.59	No	120	5.8
Deere & Co.	7 (C)	23.22	25.74	29.52	No	121	5.8
General Cigar	7 (C)	51.26	67.32	69.81	No	120	5.8
Bethlehem Steel Corp.	7 (C)	20.84	16.32	19.16	No	118	5.9
Brown Shoe	7 (C)	29.69	44.12	35.27	120	118	5.9
American Locomotive	7 (C)	20.88	16.60	10.83	No	116	6.0
Bush Terminal Buildings	7 (C)	‡	‡	‡	120	116	6.0
Baldwin Locomotive	7 (C)	29.42	12.21	1.66	125	115	6.1
Bucyrus-Erie	7 (C)	....	....	39.34	120	113	6.2
International Silver	7 (C)	24.39	30.82	27.48	No	112	6.2
Goodrich (B. F.) Co.	7 (C)	13.96	39.19	10.36	125	111	6.3
Crucible Steel	7 (C)	26.19	22.47	22.54	No	109	6.4
Cities Service "BB"	6 (C)	21.13	25.92	26.27	106	92	6.5
American Sugar	7 (C)	14.08	7.97	14.60	No	106	6.6
Associated Dry Goods 1st	6 (C)	27.67	24.10	24.55	No	90	6.7
U. S. Smelting, Ref. Mng.	3.5 (C)	6.25	6.28	8.43	No	52	6.7
Bush Terminal Debentures	7 (C)	16.81	18.88	20.55	115	104	6.7
General Cable Co.	7 (C)	27.69	25.72	25.92	110	105	6.7
Glidden Co. Prior	7 (C)	23.91	32.69	32.69	105	103	6.8
Commerc. Investm. Trust 1st.	6½ (C)	27.72	24.36	45.50	110	96	6.8
Loew's, Inc.	6½ (C)	....	....	57.12	105	95	6.8
Goodyear Tire & Rubber	7 (C)	11.83	18.80	18.90	110	102	6.9
Tidewater Assoc. Oil conv.	6 (C)	13 35	7.35	19.49	105	87	6.9
Otis Steel Prior	7 (C)	16.36	11.80	28.68	110	100	7.0
Consolidated Cigar Prior	6½ (C)	....	26.45	32.74	105	90	7.2
International Paper	7 (C)	11.31	7.42	4.53	115	87	8.0

C—Cumulative. N—Non-cumulative. § Earned on all pfd. stocks. ‡ Guaranteed unconditionally by Bush Terminal Co. ** Adjusted to basis of present stock.

EDITORIAL PAGE

Building Your Future Income

AN INFORMATIVE DEPARTMENT ON ESTATE BUILDING

Encouraging Thrift In Industry

THE National Industrial Conference Board reports that Credit Unions and Industrial Thrift Plans are becoming increasingly popular with both employees and the company's that sponsor such plans. A wide variety of such thrift and investment plans are described in a recent analysis made by the Conference Board. They range all the way from the simple thrift plans created by making deductions from the payroll and credit of these sums with a bank upon the authorization of the employee, to the more comprehensive plans organized on the principles of an investment trust or building and loan association.

Irrespective of the way they are organized, these Credit Unions embody in a cooperative way the principle of putting aside something for a rainy day. The funds of these organizations are used primarily to make loans to members on terms that provide an income for the rest of the members but at a rate which is far below the "loan shark" terms that many working men and moderately salaried employees are compelled to resort to.

The advantage to be gained from these thrift associations is two-fold. From the standpoint of the company which sponsors the plan, it has been found that their employees are released from the garnishments of installment houses and loan organizations of a questionable status. Thrift develops character and stability among the employees, thus furnishing a desirable background for any other welfare activities sponsored by the company. From the standpoint of the employee, these thrift plans open an opportunity to inaugurate a savings program with the objective of some degree of economic independence. Even though the extent of their participation in the credit union is a modest one, it may be relied upon to provide sure financial relief in emergencies and thus place them beyond the reach of petty financial annoyances and embarrassment.

The credit union is planned along the general lines of the Thrift Clubs which have been discussed many times in these columns. Good results have been obtained by a number of these clubs demonstrating the advantages of group saving and investment, particularly when these clubs are organized on a non-professional or informal basis. If professional management is needed, we would prefer to see it provided by a corporation whose only interest is the financial welfare of those who join the association. A tremendous field of further usefulness is open to these corporations if they will provide safe investment counsel for their employees as well as thrift and an understanding of the elementary points of safe investment.

Buying Life Insurance at the "Half Premium" Rate

A Discussion of the Advantages and Disadvantages of "Modified" Insurance

By FLORENCE PROVOST CLARENDON

SOME few years ago one of the prominent life companies introduced a policy which they especially featured and advertised, calling it a "Half Premium Policy." There was a temptation to agents to sell this policy as "*Ordinary Life*"—at half the premium rate which the other companies charged. The title given to the policy encouraged this attitude, while in reality the contract was little more than term insurance for the first five years, with the right to continue as an Ordinary Life policy at the end of the five years under a premium rate double that of the initial period, and but little less than the rate for the attained age. The value of the policy in the early period is very little more than its protective coverage, while practical surrender value and other equities begin to accrue *after* the higher premium rate is paid.

The result was a series of strenuous objections lodged by agents of other companies who claimed that the name was misleading, and that the policy led to misrepresentation on the part of the agent and misunderstanding on the part of the applicant. As a result of these protests by agents and agency organizations, the name of the policy was changed to "Modified Life."

The idea is a very old one. Some British companies for seventy-five years back have been issuing what they called, and still call, "Half Premium Policies"; we are not aware that the British public has been seriously misled by the title. In the mortality investigation made by British companies, and covering the period from 1863 to 1893, the policies were called "Whole Life Assurances with Ascending Scale of Premiums"; but the common title given by the companies issuing this form was simply "Half Premium Policies."

One of the features shown by the British experience was the heavy lapse rate, especially after the fifth policy year when the increased premium became payable. Generally speaking, the lapse rate in Great Britain is much lower than it is in this country; yet under this particular form of policy it was common to find that before the sixth year ended nearly 40 per cent of the business written had terminated by withdrawal. This is more than double the British rate of lapse on the more permanent forms. From this point of view the policy is undesirable, both for the company issuing it and for the public who are thereby educated along lines which are lacking in thrift.

Moreover, another feature of the British experience is that the rate of mortality of such policyholders was noticeably higher than that affecting ordinary normal life insurance. This might arise partly from the class of people who are induced to take cheap insurance, and partly also from the fact that the healthier holders of such insurance could be tempted away to other forms of a more thrifty character, while those who might become unhealthy after taking the insurance would be denied this privilege, and would have the option to maintain their insurance protection under the "Half Premium," or "Modified Life" form. The result would be a larger proportion of unhealthy lives in this section of the business.

These suggestions indicate that the form of insurance is none too desirable from the company's standpoint, and a recommendation of this type of policy for agency selling would seem to be based upon the theory that a large volume of new business might thereby be acquired.

From the policyholder's standpoint a policy of this kind sometimes meets a real need; as in the case of a young man recently married who should take the largest volume of life insurance he can possibly afford, whose prospects of progress in business are good, and whose savings have been used in setting up his own household, etc. He can plan to pay the higher premiums later on, and may have a good chance of growing up to the requirements. There is also

(*Please turn to page* 481)

Financial Independence—the Result of Systematic Saving

This Practical Investment Program Is Applicable to a Wide Range of Incomes

By William Turner

This article relates the experiences and plans of a BYFI reader who believes he is on the way to building his own future income and is presented here with the hope that it will be helpful to others.

MY first experience, aside from the savings bank, was a company with a lone oil well in far away Texas. Needless to say, it was a failure, and most of our savings were swept away.

But it started us to thinking. We became more or less "investment minded." We had not given much thought to the eventual rainy day, other than that we would save for it through the savings banks. It had not occurred to us that there were other honest and legitimate investments open to us.

Our loss changed all this—we began to read the financial columns. From what we could learn about the subject of investments, we found that there were certain tests, and in order of their importance they were generally conceded to be: Safety of Principal, Satisfactory Income, Convertibility or Marketability, Freedom from Care, and Possibilities of Appreciation. We must have a plan, we thought, a plan with a definite goal—financial independence in thirty years.

It was clear that no one medium of investment would accomplish our end, but rather a combination of them, each of which would be taken up and put into effect as its relative importance and our income warranted.

Life Insurance was the outstanding need and first objective of our program. From the first year of our marriage, I had a small amount of insurance, two thousand dollars, of endowment to be exact. Life Insurance, when purchased, immediately establishes an estate, which is available on the insured's death, be that when it may, as long as he pays the premiums. If death cheats him in carving out his own future income for his family and himself, then, that which he sought to create, is created for him to protect his loved ones.

We at once increased the life insurance to $10,000 and last year added another $1,000. Our immediate aim is $15,000 with $20,000 as the ultimate. The present coverage, mostly twenty payment life, costs us $300 yearly, but meeting the premium payments gives more deep and lasting satisfaction than any other outlay we make. To us, life insurance is fundamental; it is the cornerstone of the family financial edifice.

Regular additions to Savings was the second feature and natural result of saving for life insurance. This took the form of Building and Loan. A young family must have its limited capital fairly liquid and available on a dollar for dollar basis. It is true that the Savings Bank provides this, but it pays only four per cent. About that time, an agent for a prominent Building and Loan Association called on us and explained their plan. We agreed to deposit ten dollars per month for 132 months, whereupon our certificate would mature to $2,000. As time went on, the Building and Loan plan of small, regular savings at the six per cent rate appealed to us more and more.

The Magazine of Wall Street published a special article several years ago rating the states of the Union on the basis of their Building and Loan Laws. Among those given a favorable rating was the state in which we lived. This gave us an additional interest in this direction, with the result that we added another association for our deposits, and when a raise in salary was granted January, 1927, we added two more, bringing the total monthly deposits to forty dollars.

As our plan is a thirty-year one, these regular contributions of forty dollars will amount to $39,817 at the six per cent rate. At the savings bank rate of four per cent, these same deposits would only amount to $27,691, or a gain in the case of the former of $12,126. Looked at in another way at the end of the forty years, the portion of the fund that is interest at the four per cent rate is 48 per

Building Your Future Income

cent, whereas at the Building and Loan rate of six per cent, the portion of the fund that is interest is sixty-three per cent. If this relatively high yield were obtainable at the risk of principal, this form of investment would not be justifiable, but the safety of principal in Building and Loan is too well known to admit of controversy.

Purchase of listed shares was selected as the third part of our program. Prior to the adoption of the Building and Loan plan, we had purchased some stocks. These had turned out well and we sold out at a small profit. The Building and Loan deposits at first left no funds available for other forms of investment. We now find that funds accumulate over and above the life insurance and savings requirements. These are used for the purchase of shares of the investment type.

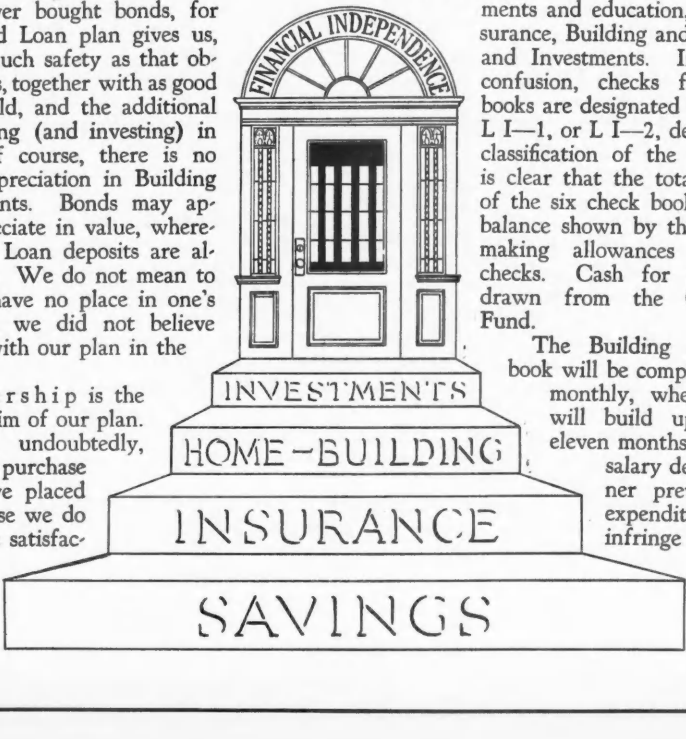
We are not looking for speculative gains or market favorites. Our commitments are made in the shares of companies which have had a fairly long period of successful operation, and whose prospects appear bright.

How Shares Are Selected

Before purchasing we ask ourselves, "Do we want to become partners in this business?" "What is its future outlook?" In order that diversification may be as nearly automatic as possible, we rigidly limit our purchases to twenty shares in stocks selling from $20 to $50 and to ten shares in stocks selling from $50 to $125. Undoubtedly, after our list of holdings has grown, this rule will be modified, but for the present it is a rough guide in preventing our becoming overloaded in any one issue—good as we might believe it to be.

We have never bought bonds, for the Building and Loan plan gives us, we believe, as much safety as that obtainable in bonds, together with as good if not better yield, and the additional privilege of saving (and investing) in small sums. Of course, there is no possibility of appreciation in Building and Loan accounts. Bonds may appreciate or depreciate in value, whereas Building and Loan deposits are always worth par. We do not mean to say that bonds have no place in one's investments, but we did not believe that they fit in with our plan in the early years.

Home Ownership is the fourth and last aim of our plan. Many would, undoubtedly, place it prior to purchase of shares, but we placed it last, not because we do not recognize the satisfactions that come from owning a home, but because the necessary liquid condition, that we believe essential in the early years, would be sacrificed. We believe corporation shares of the best managed companies will grow in value more rapidly than will real estate values in residential districts.



In fact, real estate has been quiet for a considerable time, in our locality, and statistics show that rents are falling in practically all the major cities. Isn't it, then, better to wait, build up one's resources, take advantage of falling rents, and when real estate values are thoroughly liquidated, buy or build a home?

A program such as ours presupposes a budget. We run no charge accounts. We keep a Household Expense Book and every evening the expenditures for the day are put down in the proper column. At the close of the month the columns are totaled and summarized on special pages at the back of the book. We have not found the keeping of a Household Expense Book a burden, but a pleasure, and many times we have found the records serviceable in helping us to determine just what we might be able to do in extending our investment program.

Bookkeeping in the Check-book

The monthly salary check is deposited in a checking account, but it is not entered in a like amount in a single check book. It is entered, however, in several check books on the basis of the budget, which in turn has been determined by the averages from the summary pages of the Household Expense Book. These check books are denoted General Expense, which covers the outlay for food, rent, gas and electricity, charities, amusements and education, Clothes, Life Insurance, Building and Loan, Vacations, and Investments. In order to avoid confusion, checks from these check books are designated G E—1, G E—2, L I—1, or L I—2, depending upon the classification of the disbursement. It is clear that the total of the balances of the six check books must equal the balance shown by the bank statement, making allowances for outstanding checks. Cash for pocket money is drawn from the General Expense Fund.

The Building and Loan check book will be completely checked out monthly, whereas "Vacations" will build up a balance for eleven months. Segregating the salary deposit in this manner prevents making an expenditure which would infringe upon the funds which are to be expended under (*Please turn to page 455*)

Building Your Future Income

John and Mary Find a New Investment Horizon

By Dugald M. McKillop

JOHN CROWGILL may have had an odd name, but he was a common man. He was a self-respecting citizen accustomed to modest but comfortable surroundings. When I first knew him he had been married a dozen years, had three children, a steady job, and was living in a rented house on the outskirts of an industrial city. John had a good and smart wife, though Mary herself might not have put it that way.

An excellent thing about the Crowgills was that they pulled together, financially and otherwise. They were ambitious and wisely discontented. One evening the husband asked:

"How long have we lived in this house, Mary?"

"Ten years next April, John, and I guess we've paid enough rent to buy a place of our own."

"It beats all," reflected John, "I thought that by this time we would either own our house or have cash enough to buy one."

"Well, we ought to make a push of some kind now. Do figure up, dear, and see if we are ahead of the game at all, not counting our insurance."

There was silence in the Crowgill living-room for a while, then the head of the house announced that $3,814 was the apparent extent of the family possessions, exclusive of furniture and portable property. "Financier" John also said that 5 per cent was the rate of interest received on their little hoard.

If decisions are made, things are apt to happen, and so a few days later Mr. Crowgill took an option on a two-family house. A thousand down, balance at 6 per cent were the terms. The deal was consummated and the buyers found that by moving into the upper apartment and renting the lower floor with two attic rooms, the income from the house almost balanced the interest on the mortgage and paid the taxes, thus practically equalling free rent. The purchased house was a good one, well located, and any depreciation of the property would be offset by a slight annual rise in the ground value and by John himself who in spare hours could make repairs on the building and improve the lot. Economical Mary, on her part, rented a room and did some interior decorating. And once established in a house of their own, a new spirit of hope and ambition came into the lives of our friends who now began to take a sort of Spartan delight in doing without things in order to save for a purpose.

"Never mind, hubby," said Mary, after they had been property owners for a couple of years, "when we get a bit farther ahead in money matters we will not need to figure so closely."

Said John, "Oh, I must tell you about a talk I had with Joe Critchett. He opened my eyes. His story is that through his bank he went into the investment game some time ago and made a good dollar."

"I hope he didn't advise you to speculate."

"No, Mary, not exactly, though when I told him that we found it a good thing to buy a house

Seven Rules for Safety

1 Go slow and study the stock market in financial journals and daily papers
2 Invest only in listed stocks Invest rather than speculate Look out for security rather than a high rate
3 Be most careful as to your broker, and deal only with high class houses. Consult your bank also
4 Secure standard stocks only and buy for permanent investment
5 It might be well at first to buy but a few shares in various companies, with dividends coming in on different months
6 As a rule avoid boomed up local enterprises; rather seek connection with the projects of leaders in industry.
7 Keep an adequate cash reserve on hand.

Joe Critchett

Building Your Future Income

he said that was a form of speculation, and I suppose it is. He made investments in stocks, and said that he could name a dozen stocks paying from 5 to 8 per cent that are as safe as any other investment; that they are likely to appreciate in value so that in a year or two the shares would have still higher investment value.

"Just to draw him out I said the scheme might be O. K. if stocks did not go down. He explained that if one was timid about a recession he could put in what he called a stop-order with banker or broker to sell at a pre-arranged figure, which should protect one from any heavy loss. But Critchett said that if one bought stock outright, even if the market quotation went a mite lower than the purchase price, to never mind that as the dividends would come along like clock-work just the same.

"You know Joe and I have been thrown together a lot lately and have plenty time to chat and argue. Today I got nettled at his money guff and said: 'Now, Joe, your talk about stock is like Tennyson's brook and goes on forever, but can you give an actual case when you made more real money than if you had let your cash compound in the savings bank.' 'Yes I can,' he said, and then he told me that some four years ago he had $2,500 in the Peoples' Savings Bank, drawing 4 per cent per year compounded quarterly. But one day when he felt that he was either an ass or a villain he drew out the money and bought 22 shares of a popular stock at $112 a share; stock to pay nine dollars per share per year. Soon after he bought, the company offered stockholders a chance to buy one new share for each four shares held, at one hundred dollars a share. He took the five shares allowed, which made him 27 shares and paid him $243 a year in dividends, a gain of over a hundred dollars more than the bank interest would have been.

"I told Joe that a hundred dollars is not a fortune, but he said the gain was worth while and cost him no exertion. 'And so Joe,' I said, 'you counsel us to draw out of banks what we are sure of, and for a bit bigger dividend plunge into stocks?'

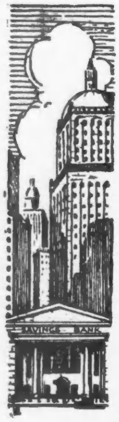
"'Don't be a numbskull, Crowgill,' he said. 'Wait till I tell you more, though I don't like to talk of my own affairs, least of all to boast. Several times more, after I used my first rights, quotas of stock were offered to stockholders on favorable terms, and each time I took the limit allowed me, and bought all I could afford otherwise, so that now I have fifty shares of that stock that cost me an average of less than $125 a share, and figured on that basis I receive over 7 per cent on my money, which to be sure is better than four.'

"'But' I said, 'Isn't that stock worth more now than the price you paid for it? Seems to me I heard someone say it had gone up.'

"'Oh, yes,' said Joe, 'that stock has been rising for years and has been quoted at fifty to one hundred dollars per share more than I paid for it, and such an advance has not been unusual in other good stocks during the past year or two. Say my

(Please turn to page 455)

BYFI RECOMMENDS—



For Savings

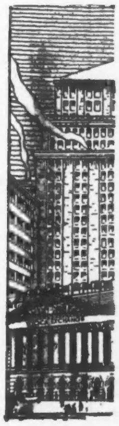
1. **SAVINGS BANKS.** A convenient depository for the accumulation of regular or intermittent savings at compound interest. Funds are always available and may be withdrawn as soon as they reach suitable proportions for employment in more profitable medium.

2. **BUILDING AND LOAN** shares serve as convenient, long range (10 to 12 years) mediums for the accumulation of savings. Through regular monthly payments this form of savings also possesses the element of gentle compulsion.

3. **ENDOWMENT INSURANCE** is a means of securing insurance protection and at the same time accumulating savings. Also possesses merit of regularity in savings but in view of small return, should not occupy too large a place in the accumulating program.

For Investments

Security	Recent Price	Yield %
1. Illinois Central 40-Year 4¾s, 1966	97	4.9
2. Public Service Elec. & Gas. 1st & Ref. 5s, 1965	102	4.9
3. Standard Oil of N. Y. deb. 4½s, 1951	95	4.9
4. Western Pacific 1st 5s, 1946	96	5.4
5. Youngstown Sheet & Tube 1st SF. "A" 5s, 1978	100	5.0
6. New York Steam 1st "A" 6s, 1947	103	5.7
7. Chesapeake Corp. Conv. Coll. 5s, 1947	99	5.1
8. Associated Dry Goods 1st 6% Pfd.	96	6.2
9. Hudson & Manhattan Conv. 5% Pfd.	74	6.8
10. Southern Pacific Common $6	131	4.6



The BYFI Recommendation Table is intended primarily to serve as a constant guide to inexperienced investors through the early stages of their income building program. On the left, the advantages of each of three principal mediums for accumulating regular savings are outlined. On the right, a progressive tabulation of investment securities suitable for the employment of sums accumulated through savings is presented. These issues, if purchased in the order listed are intended for a permanent investment, and as such, will ultimately provide a sound backing of income producing securities, affording safety of principal, fair return, and offering the protection of diversity.

Activity Above Seasonal Norm

Some Indication of Industrial Recession—Retail Trade Healthy—Prices Lower But Steady

STEEL

Record Pace Continues

IN May, the steel industry once again astonished business observers, and for the fourth consecutive month, created new records for output. Production of steel just barely attained the sought-after 5 million tons per month mark in March, fell under it by a small margin in April, but overtopped it by 270,000 tons in May. Each of these periods stands unsurpassed in the annals of steel-making history, while the cumulative result for the year—the five month total, exceeds the like months of 1928 by about 14%, and also stands at a maximum. Measured in per cent of hypothetical capacity, in May operations held forth at 99.59%, and for the five

(*Please turn to page* 474)

COMMODITIES*

(See footnote for Grades and Units of Measure)

	1929 High	1929 Low	1929 Last
Steel (1)	$36.00	$33.00	$36.00
Pig Iron (2) ...	18.50	17.50	18.50
Copper (3)	0.23⅛	0.16¾	0.18
Petroleum (4)...	1.45	1.20	1.45
Coal (5)	1.70	1.60	1.60
Cotton (6)	0.21⅛	0.18¾	0.18¾
Wheat (7)	1.65⅜	1.24⅛	1.31
Corn (8)	1.17¼	0.98¼	1.08¼
Hogs (9)	0.11⅛	0.08⅞	0.10⅞
Steers (10)	17.00	14.25	15.20
Coffee (11)	0.18⅛	0.16¾	0.16¾
Rubber (12) ...	0.26⅛	0.18⅝	0.21
Wool (13)	0.45	0.39	0.39
Tobacco (14) ...	0.14	0.14	0.14
Sugar (15)	0.03⅞	0.03½	0.03⅝
Sugar (16)	0.05⅛	0.04⅞	0.04⅞
Paper (17)	0.03¼	0.03⅛	0.03⅛
Lumber (18) ...	25.38	24.30	24.30

*June 17, 1929.

(1) Open hearth billets, $ per ton; (2) Basic Valley, $ per ton; (3) Electrolytic, c. per pound; (4) Mid-Continent, 36°, $ per bbl.; (5) Pittsburgh, steam mine run, $ per ton; (6) Spot, New York, c. per pound; (7) No. 2 red, New York, $ per bushel; (8) No. 2 Yellow, New York, $ per bushel; (9) Light, Chicago, c. per pound; (10) Top, Heavies, Chicago, c. per lb.; (11) Rio, No. 7, spot, c. per lb.; (12) First Latex crepe, c. per lb.; (13) Ohio, De'aine, unwashed, c. per lb.; (14) Medium, Burley, Kentucky, c. per lb.; (15) Raw Cubas, 96° Full Duty, c. per lb.; (16) Refined, c. per lb.; (17) Newsprint per carload roll, c. per lb.; (18) Yellow pine boards, f. o. b. $ per M.

THE TREND IN MAJOR INDUSTRIES

STEEL—Good activity prevails at steel centers and company profits continue healthy. Operations in May for both steel and iron created new maximums, while the first weeks of June showed strength likewise. Really hot weather should hasten a slight summer recession.

METALS—Foreign purchases of copper are moderately strong, but domestic demand has displayed negligible acceleration. Copper shipments in May were off from the preceding month while output held steady, with the result that stocks advanced to some 70,000 tons; lead and zinc supplies decreased. Net returns are well maintained.

PETROLEUM—Crude oil output is sustained at a rate that deluges markets with over 2.7 million barrels per day. Meanwhile, the three largest producing states have begun further attempts to effect some curtailment plan. Prices are firmer and an increasing number of earnings returns ought to be more satisfactory.

RAYON—This industry has extended its sales into a number of new fields, with the result that earnings, on the whole, have been gratifying. However, observers point to the rapid gain in production facilities with some anxiety, for output may soon exceed consumption at the current rate of growth.

AVIATION—Still more companies are embarking in this field, in transport, engine-manufacturing and plane making divisions. Consequently, the necessity for careful discrimination becomes increasingly apparent. Strongly entrenched companies are in a position to exhibit good earnings, however.

BUILDING—The decline in May building and construction totals contrasts disappointingly with the gain registered in the preceding month, but the firmness manifest in heavy building classifications has been maintained, and that item set a new five months' record.

PUBLIC UTILITIES—Consumption of electrical power grows apace, with the earnings statements of companies in the industry amply reflecting the good business enjoyed. The continual combination and consolidation of utility groups creates a marked public interest in their securities.

AUTOMOBILE—The two largest small-car producers have been operating at virtually capacity without any interruptions, and plan for a maintenance of their schedules. Some other manufacturers are preparing to offer new models, but operations in general are somewhat retarded. Profits remain fairly comfortable.

COTTON—Consumption of cotton in May exceeded the figure for both May, 1928, and April of this year. Nevertheless, cotton values are predicated upon the condition of the new crop at this time, to a great extent, and until more definite information is forthcoming, quotations will be influenced by weather variations.

SUMMARY—Cautionary observations persist, while the arrival of real summer weather has brought seasonal slackness to some lines and seasonal activity to others. Nevertheless, manufacturing activity is slightly above normal with profits generally satisfactory.

Mid-Year Review of Public Utilities

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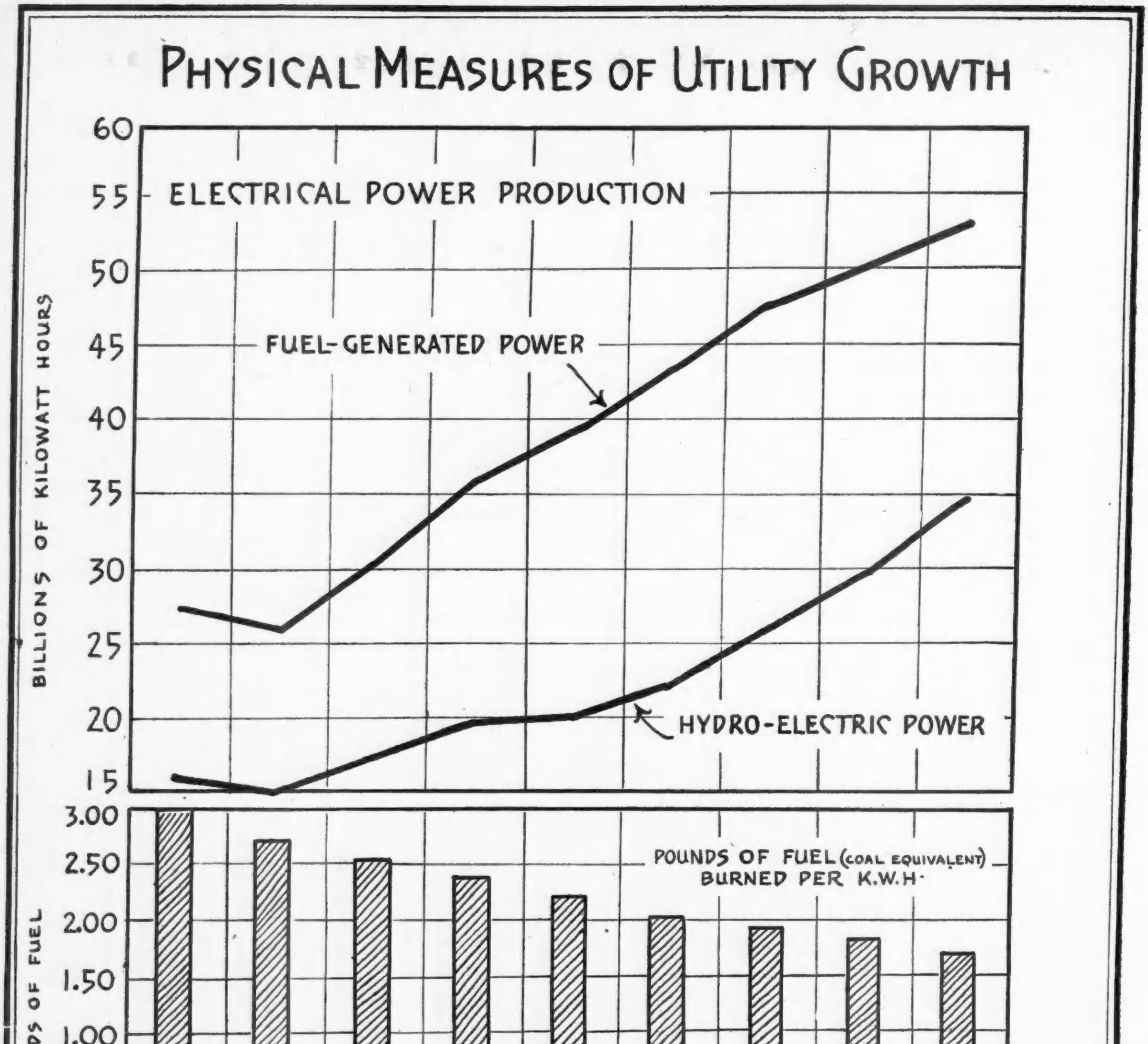


PHYSICAL MEASURES OF UTILITY GROWTH
ELECTRICAL POWER PRODUCTION
FUEL-GENERATED POWER
HYDRO-ELECTRIC POWER
BILLIONS OF KILOWATT HOURS
60
55
50
45
40
35
30
25
20
15
POUNDS OF FUEL (COAL EQUIVALENT) BURNED PER K.W.H.
POUNDS OF FUEL
3.00
2.50
2.00
1.50
1.00
.50
0
GAS PRODUCTION
NATURAL GAS
MANUFACTURED GAS
BILLIONS OF CU. FT. NATURAL GAS
1500
1400
1300
1200
1100
1000
900
800
700
600
500
BILLIONS OF CU. FT. MANUFACTURED GAS
550
535
520
505
490
475
460
445
430
415
400
1920 1921 1922 1923 1924 1925 1926 1927 1928

The Forward March of the Utilities

By H. C. HOPSON, Vice-President and Treasurer
Associated Gas and Electric Company

"NOTWITHSTANDING the tremendous growth that the utilities have had in the past, they are still young industries and the next decade should see their growth continue at an equally rapid rate. Electricity has established itself as an essential aid to industry. Gas—a heating fuel a century old—reached the peak of its production in 1928 when the sale of coal decreased 5 per cent. New appliances are being developed faster than they can be added to the lines. The number of customers is increasing at the rate of 5 per cent annually and industry is just beginning to see the untold possibilities that lie in the use of the products of the utilities."

WITH the exception of agriculture and steam railroads, the gas and electric industry is the largest and most important in the United States. It has grown as fast if not faster, than any other major industry. Certainly none has contributed more to the comfort of the general public, and none has distributed its services more widely and more directly to the public.

Since 1900, the use of electricity has increased 59 times faster than population, and today the industry has over 24,700,000 customers. The invested capital is close to $10,300,000,000 and the annual revenue is nearly $1,908,000,000. Gas serves a population of over 62,000,000, and the annual income of the gas industry is well over $860,000,000. Since 1913, the generation of electricity has increased 518 per cent and the number of electrical customers, 509 per cent. The use of gas has increased 160 per cent during the same period, the number of customers 80 per cent, and the gross earnings of the utilities have shown a gain of over 300 per cent.

The Federal Reserve Bank has estimated that the total volume of business in the United States increased 3 per cent during the year 1928. During the same period, the use of electricity showed a gain of 11 per cent, natural gas 10 per cent and manufactured gas 3.8 per cent.

Notwithstanding the tremendous growth that the utilities have had in the past, they are still young industries and the next decade should see their growth continue at an equally rapid rate. Electricity has established itself as an essential aid to industry. Gas, a heating fuel a century old, reached its peak of production in 1928 when the sale of coal decreased 5 per cent. New appliances are being developed faster than they can be added to the lines. The number of customers is increasing at the rate of 5 per cent annually and industry is just beginning to see the untold possibilities that lie in the use of the products of the utilities.

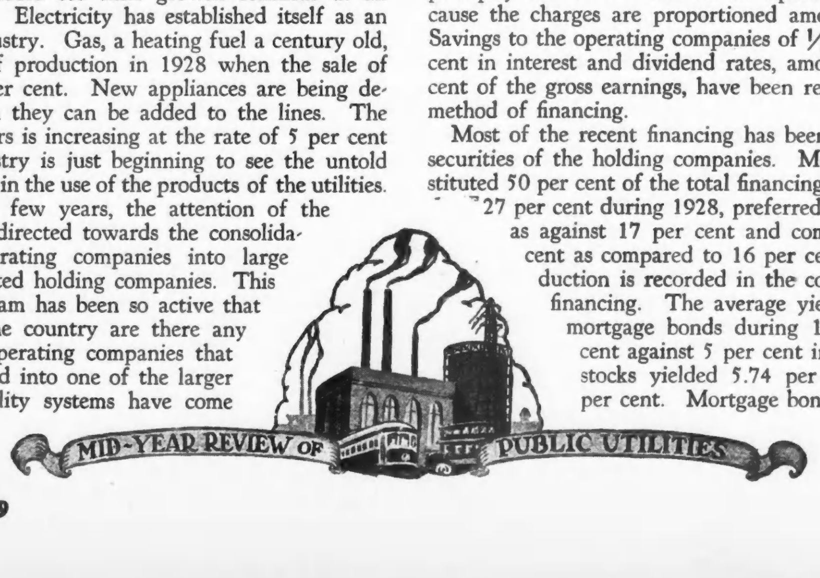
During the past few years, the attention of the industry has been directed towards the consolidation of small operating companies into large economically operated holding companies. This consolidation program has been so active that in few parts of the country are there any large number of operating companies that can still be absorbed into one of the larger groups. Huge utility systems have come into being, and today, 14 systems receive nearly 58 per cent of the annual gross revenue of the industry, and 18 systems produce 85 per cent of the annual electric kilowatt hour output. The number of companies has been reduced from 5,221 in 1912 to 3,690 in 1929. In 1928 alone, 387 individual companies, of which 154 were municipally operated, became parts of larger utility systems.

The consolidation of small units into large groups with uniform management has brought greater operating economies with corresponding increases in earnings. The small companies have been given the benefit of expert engineering ability, adequate means of raising capital and mass buying power. Salaries of highly trained executives are distributed over a large number of the small operating companies, inter-connections, and the ability to raise large sums of money at low cost, have brought to the operating companies economies they would be unable to effect if individually managed.

Economies in Financing

Consolidations have enabled the industry to obtain capital at new low costs. Financing has been accomplished with securities of the holding companies. This has relieved the operating companies of a tremendous financial burden. Large issues have been sold promptly and at low cost to the operating companies because the charges are proportioned among a large group. Savings to the operating companies of ½ per cent to 2 per cent in interest and dividend rates, amounting to 2½ per cent of the gross earnings, have been realized through this method of financing.

Most of the recent financing has been done with junior securities of the holding companies. Mortgage bonds constituted 50 per cent of the total financing in 1927 as against 27 per cent during 1928, preferred stocks 10 per cent as against 17 per cent and common stocks 6 per cent as compared to 16 per cent. A further reduction is recorded in the cost of all classes of financing. The average yield of all issues of mortgage bonds during 1928 was 4.69 per cent against 5 per cent in 1927. Preferred stocks yielded 5.74 per cent against 6.16 per cent. Mortgage bonds bearing 4½ per cent coupons made their appearance during



1927 and several such issues were sold during 1928.

Securities of the holding companies have become extremely attractive with the small investor. In 1928, nearly 200,000 customers alone purchased approximately 2,700,000 shares of stock valued at $170,000,000. Today the utilities have nearly 3,000,000 stockholders with average holdings of 24 shares each. Certain of the securities of utilities have been made legal for savings banks and trust companies. This has produced a further ready market for the securities of the utilities and materially strengthened their position in the eyes of the small investor.

Lower Costs of Production

Mass buying power by holding companies has resulted in savings of nearly 2 per cent in the gross earnings of the operating companies. Capital has been obtained at low cost by the holding companies at a saving of 1 per cent of the investment or 5 per cent on the gross earnings, and thus the saving to the operating utilities from group management amounts to from 8 per cent to 10 per cent.

Holding companies have developed economies in all departments. In one of the large public utility systems, the adoption of a uniform simplified accounting system in all the properties resulted in the saving of about $150,000 a year.

Engineering developments have materially reduced the cost of production and transmission. Huge generating plants have been constructed and through inter-connections, cheaper electricity has been brought from the source of supply to crowded industrial centers. Tremendous improvements in steam turbines and boilers have reduced the cost of steam generation. Today, the best plants can produce a kilowatt of electricity on less than one pound of coal where formerly it took two pounds or more.

The holding company has made possible great reductions in the operating ratio. In one large system, the average operating ratio of the smaller subsidiaries for a 12 month period was 62, while that of the larger properties was 49. This has resulted in reduced rates for the consumer and greater returns for the investor.

Growing Business

In 1928, over 500,000 miles of electric transmission lines were built and 1,218,000 new customers were added to electrical companies. During the past two years, electricity has been carried out of the city limits to more than 100,000 farms and rural homes formerly deprived of electricity. Due to the extension of lines to outlying districts, factories have been able to move away from crowded industrial areas to rural sections where taxes and land values are lower, living conditions are better, and labor troubles minimized. An abundant supply of power has been brought to practically every community. Today, there is scarcely a town of over 1,000 population that is without central station power. The increasing flexibility with which electric power can be delivered, has enabled manufacturers and farmers to meet higher labor costs by application of machines operating at low cost.

Gas, formerly available only in large cities, is now being used in communities too small to support a gas plant. Long distance mains reaching out in all directions from economically operated central stations, have brought many new homes and industries within the reach of gas and added thousands of dollars of revenue to the industry. Gas piped 85 miles in 1928 to serve 81 communities in Illinois, with an average population of 5,100, is a typical example of what the gas industry is doing. Because of the extension of these lines, the sale of gas is increasing at a more rapid rate than ever before. The total production of manufactured gas has reached a new high record of 2,000,000,000 cubic feet, and sales and gross revenue have exceeded any other previously reported in a single year.

Through the development of additional outlets using gas and electricity during the summer months and daily periods when the demand previously fell off, fluctuations in the output chart have been smoothed out and production has become more stabilized. This has resulted in greater operating economy and corresponding lower costs. Plans are now being made to store in underground natural gas wells during the summer months when demand falls off for use later in the winter months when the peak load is reached. The industrial load is being developed so that the daily load is more nearly the same all day long.

Importance of Appliances

During the past year, the attention of the industry has been directed towards the development of existing outlets and the finding of new markets for its products. Without the expenditure of additional capital, the utilities have developed their existing outlets through the sale of appliances to homes and industries.

Because of the addition of one electric refrigerator to an existing line is nearly equal to the amount of electricity that would be used by nearly one new customer without the necessary expense of new installation, the utilities are making a determined effort to add the maximum of appliances to their lines. The sale of millions of dollars of appliances has been largely responsible for the increase in the average residential consumption of electricity. In many cases, the utilities have engaged in active merchandising through the use of sales forces and showrooms. Radio alone has brought millions of dollars of added revenue to the electric industry.

To encourage the use of appliances, the utilities have introduced inducement rates which allow the customer to use more gas and electricity at descending rate schedules. These rates have made the cost of operation of individual appliances a small factor; and, together with the time payment plan offered on the sale of appliances, have placed the use of additional appliances within the reach of all customers. Research has developed many new appliances, and new uses for gas and electricity. Sound intelligent advertising has brought them to the attention of the public. Cooking Schools, Home Service Departments and demonstrations have been decisive factors in the increase in residential consumption.

One of the most significant developments of the year has been the progress that has been made in the electrification of steam railroads. The Pennsylvania Railroad has announced plans to electrify 1,300 miles of its trackage at a cost of approximately $20,000,000, and the Reading, the Lackawanna, the Great Northern and other steam railroads are making plans to electrify hun- (*Please turn to page* 478)

Electric Power Transforms Main Street

Utilities Play Important Role in Industrial Development of Small Communities

By PAUL S. CLAPP, Managing Director
National Electric Light Association

ONE of the most interesting phases of American social and economic life, and one which is constantly commented on by European visitors, has been the development of the so-called small community. Hardly realizing it themselves, literally hundreds of small towns and villages, which for many years had been little more than centers of agricultural areas providing a school, a general store and a church, are blossoming forth into miniature industrial centers quite as attractive to the manufacturer and to labor from an economic point of view as the large metropolitan city. In many instances they are infinitely more attractive from the standpoint of living conditions.

Industry Moves to the Country

This development is spoken of as "decentralization of industry," "industrial migration," or "industry moving to the country." It has been the consensus of opinion among economists, students of industrial and social conditions, and more particularly among students of American community life that the rapid extension of electric service into rural areas and to "country towns," has been responsible for a tendency on the part of industry to locate manufacturing establishments in outlying communities in order to take advantage of proximity to markets, better living conditions, and of lower living costs.

During the past five years electric power has become available for the first time to four thousand towns and villages which formerly were either without any electric service whatsoever or had "sunset to sunrise" service. These small towns now have the same quality of twenty-four hour service formerly enjoyed only by large cities. They also have unlimited electric power supplies due to the rapid expansion of interconnection and can assure any industry looking for a location a constant and dependable flow of power. General availability of electric power has left factory operators freer to consider other elements in factory location.

But while it is true that the extension of the power lines has been, in a very large measure, responsible for industrial development of these small communities, it is not true that this development has been due, to any great extent, to the migration of industry from the larger cities. What has really happened is that the availability of dependable power has made possible the creation of hundreds of new industrial establishments which have selected these small communities for the location of their plants because of the advantages which they have been able to offer. Electric power has not picked up American industry concentrated in large cities and scattered it throughout agricultural areas as so many people seem to think. What it has done is to make these areas and their markets available to thousands of new manufacturing enterprises and because of this has added enormously to the American industrial establishment as it exists today.

Remarkable Gain

The best evidence of the truth of these statements is to be found in a survey made by the Metropolitan Life Insurance Company which isolates the migration of industry from the other fundamental elements in industrial development and takes stock of their collective effect upon economic growth. Through the assistance of numerous public utility companies, railroads, chambers of commerce, and other associations, as well as governmental agencies, 2,084 communities contributed their experience with the migration of industry and other forms of industrial development. These represented 75% of the total urban population of the United States and about two-thirds of the urban population of Canada. This survey shows that, of the net gains in number of industrial enterprises employing 100 or more workers, during 1927 and 1928, 46% have been in cities under 50,000, and more than half of these were in cities of less than 10,000 population.

This survey also shows that the migration of industry, which heretofore has assumed so much importance as a means of industrial development, is relegated to a much smaller role in our economic growth than was expected, for relocations accounted for only 9.4% of the plants gained by the various communities. The real industrial development came from new industries started within the communities themselves. These represented 81.8% of the plants gained. Branch plants were responsible for the remainder of the gains and represented 8.8% of total plants and 25% of the total employes gained.

In other words, the electrical industry, in creating a great network of power lines spreading over the entire country, has not brought about a diffusion of industry at the expense of the large city—it has created new economic wealth by making possible the creation of new industries, which, because of the advantages offered by the smaller community, have been able to establish themselves and to prosper.

This fact seems to have

been little understood by the communities themselves. Apparently many of them and their local associations have been under the impression that their real industrial growth depended upon attracting industries from other cities. This has given rise to the preparation of organized plans to accomplish this purpose and has resulted in keen competition between communities. Because of this, many communities have overlooked not only the opportunity for the establishment of new enterprises but also the importance of keeping and assisting in the prosperity of those which are already established.

The question of industrial losses is quite as important to American communities as the question of industrial gains. During the period covered by the survey, the total number of plants lost by these communities was about 60% of the total number of plants gained. Of these losses about 18% moved away and the other 82% went out of business. Many of the plants which moved away were influenced by reasons which might readily have been corrected if the local community had taken sufficient interest in the new industry.

Other Attractions Than Power

The light and power industry does not claim that the existence of continuous dependable service is the sole, all-compelling reason for small town industrial development. In fact, the availability of immediate markets is the underlying reason most frequently advanced. In some industries, labor is regarded as of most importance in the selection of plant sites. Transportation seems to rank third in order of determining factors, as reported to the survey, which pointed out that "the increased efficiency of the railroads under private enterprise has been a potent factor in the economic prosperity which the country as a whole has enjoyed. The extent to which improved railroad service has released capital for industrial purposes, through the elimination or reduction of inventories, the quicker delivery of raw materials to the plant and the faster service from the plant to the consumer, cannot be over-emphasized."

Curiously enough, bonuses, free taxes, free land, or free factory buildings—among the inducements which so many communities have offered in the past for the purpose of attraction—do not appear among the reasons most frequently advanced for the location of a plant.

Power Facilities Precede Industry

What the light and power industry can claim, however, is that no matter where the industrialist seeking a location may go, he will find dependable power service wherever the other factors necessary to a successful enterprise exist. In other words, the power lines are always ahead of industrial development.

The expansion of American industry in the smaller communities, instead of continuing the concentration in large cities and adding to their already existing congestion, is not only bringing about a better and more equal distribution of wealth but is having a marked social effect of great importance to the progress of the nation. Industry has found that by following the slender copper highways, aside from economic considerations, it can get out into the country where living conditions for the worker and his family are infinitely better than those of the crowded city. It means better food, better air, and, in fact, better everything of every kind for the rearing of children. Factory workers in agricultural areas provide markets for perishable farm products. The wealth created stabilizes agriculture and tends to decrease the tax burden formerly carried alone by the farmers.

Achievement of Utilities

The light and power utilities have every reason to be proud of the part played in the development of the small American community. Today every town and city having 1,000 population or over and a very large proportion of the villages and hamlets having less than 1,000 population are receiving 24-hour metropolitan service. One need only travel in other countries to understand what this means and to appreciate why the standard of living in the United States is higher than that of any other country in the world. As Berton Braley has well said: "Aladdin's lamp could move a palace a thousand miles but Edison's lamp has moved civilization forward a thousand years."

Earnings of Leading Public Utility Companies

Holding Companies

	Gross Revenues	Ratio of Oper. Exp. Taxes, Depr., Maint. to Gross	Net Available for Holding Company Common		Earnings per Share				Dividend
			Amount	% of Gross	Latest Available	1928	1927	1926	
Allied Power & Light............	$3,756,183 (1) (d)	——	$1,895,238	——	$1.40 (1)	——	——	——	——
American & Foreign Power........	30,112,578 (5)	53.7%	1,528,009	5.8	——	$1.22	$0.68	$0.17	——
American Commonwealths Power...	18,145,053 (3)	60.0 (a)	1,484,801 (a)	8.2	1.35 (a)	1.17 (a)	——	——	0.30 plus 5% stock
American Gas & Electric..........	66,094,797 (4)	——	16,500,000	25.0	5.47 (4)	5.22	6.41	5.72	1.00 plus stock
American Light & Traction........	41,214,012 (5)	70.9	8,420,740	20.4	13.47 (6)	12.16	12.22	18.44	10.00
American Power & Light..........	79,021,388 (5)	50.7	9,923,358	12.5	4.92 (6)	4.49	4.66	4.62	1.00 plus 4% stock
American Waterworks............	51,794,332 (3)	58.8	5,605,807	10.8	3.82 (3)	3.49	2.69	2.73	1.00 plus 5% stock
Associated Gas & Electric.........	42,163,550 (5)	60.3	2,929,434 (4)	6.9	——	3.64 (c)	5.61 (c)	6.55 (c)	2.40 or 10% stock
Buffalo Niagara & Eastern.........	33,960,528 (5)	54.2	5,964,824	17.6	2.59 (6) (b)	2.47 (b)	2.35 (b)	2.07 (b)	1.20
Cities Service Power & Light.......	47,537,068 (7)	63.8	3,878,923	8.2	——	Accrues to Cities Service Co.			
Columbia Gas & Electric..........	107,195,658 (5)	49.4	23,497,864	21.9	2.94 (6)	2.78	2.11	2.77	2.00
Commonwealth Power............	60,475,445 (3)	57.3	10,126,173	16.7	6.15 (3)	5.62	4.36	4.13	4.00
Duke Power.....................	25,287,562 (5)	57.0	7,805,450	30.9	——	8.67	6.48	——	5.00
Electric Power & Light...........	54,895,342 (5)	61.4	4,205,126	7.7	2.54 (6)	2.37	2.09	1.45	1.00
Engineers Public Service..........	32.864,658	69.1	2,026,805	6.1	——	1.60	0.82	——	1.00 plus 4% stock
Federal Light & Traction..........	8,107,088 (6)	58.8	1,796,019 (a)	22.1	3.97 (a)	2.68	1.99	2.30	1.50 plus 4% stock
Federal Water Service............	14,558,134 (5)	48.6	1,304,272	8.9	——	2.63 (c)	3.31 (c)	——	2.00 or 8% stock
General Gas & Electric............	23,498,285 (5)	60.8	2,706,548 (3)	11.5	3.44 (3) (b)	3.36 (b)	2.76 (b)	2.64 (b)	1.50 or stock
Long Island Lighting.............	8,038,382 (5)	51.0	1,561,000	19.4	——	0.52	0.34	0.32	0.40
Louisville Gas & Electric..........	9,685,999 (5)	56.9	1,817,393	18.8	——	2.38 (b)	2.06 (b)	——	1.75
Middle West Utilities............	150,067,384 (5)	61.6	8,601,211	5.7	——	14.45	15.12	14.44	7.00
Mohawk Hudson Power..........	34,545,661 (5)	——	3,023,536	8.8	——	1.90	0.97	1.12	——
National Power & Light..........	79,977,994 (6)	63.1	10,783,074	13.5	1.99 (6)	1.93	1.58	1.74	1.00

North American Co.	141,515,694 (6)	58.1	23,934,284	16.8	4.84 (6)	4.51	3.86	3.85	10% stock
North American Light & Power....	41,896,559 (5)	61.9	2,109,990	5.0	——	2.61	2.21	1.93	1.25
Northeastern Power.............	10,123,619 (5)	——	2,862,247	27.3	——	1.00	0.62	0.46	1.00
Northern States Power...........	31,339,721 (5)	62.0	3,527,598	11.2	——	9.95 (b)	10.50 (b)	11.52 (b)	8.00
Penn Ohio Edison...............	28,370,674 (3)	66.3	2,455,986	8.7	3.01 (3)	2.68	1.86	1.90	1.00 plus 4% stock
Philadelphia Co.	61,954,822 (5)	69.0	9,170,925	14.8	——	9.55	8.87	7.32	7.00
Public Service of N. J.	125,528,580 (5)	70.6	16,270,994	12.9	——	3.51	2.21	2.44	2.60
Public Service of No. Ill..........	29,516,270 (5)	66.1	4,810,948	16.3	——	14.32	13.73	12.91	8.00
Southeastern Power & Light.......	46,259,201 (5)	47.8	7,247,565	15.6	——	3.42	2.93	2.29	4% in stock
Standard Gas & Electric..........	165,386,457 (5)	53.7	9,328,698	5.6	——	6.57	5.83	6.85	3.50
United Gas Improvement.........	13,939,291 (8) (d)	——	12,934,457	——	——	——	6.28	5.56	5.00
United Light & Power............	90,638,882 (5)	69.3	6,629,210	7.3	1.64 (3) (b)	1.55 (b)	1.07 (b)	0.56 (b)	0.60
Utilities Power & Light...........	43,240,584 (5)	63.0	3,827,420	8.7	——	4.95 (c)	4.44 (c)	5.80 (c)	2.00 or 10% stock

Operating Companies

Brooklyn Union Gas.............	$25,899,183 (5)	77.5%	4,134,725	15.9	——	$8.09	$7.65	$7.83	$5.00
Commonwealth Edison............	77,042,776 (5)	71.6	15,475,109	20.1	12.31 (6)	12.33	12.59	11.49	8.00
Cons. Gas, El. Lt. & P. of Baltimore	26,470,892 (4)	66.1	5,400,871	20.4	5.69 (4)	5.49	4.62	5.64	3.00
Consolidated Gas of N. Y.........	212,594,530 (5)	66.1	46,993,835	22.1	——	4.52	3.99	——	4.50
Detroit Edison..................	52,366,335 (5)	65.2	12,643,590	24.2	——	12.24	11.32	11.32	8.00
Edison Electric Illuminating Co., The	27,749,658 (5)	68.7	6,536,751	23.6	——	12.24	11.33	11.71	12.00
Pacific Gas & Electric.............	61,449,592 (5)	66.8	8,800,708	14.3	——	3.17	2.86	2.60	2.00
Pacific Lighting..................	32,614,647 (3)	63.5	6,488,238	19.9	5.18 (3)	3.81	3.91	1.84	3.00
Pennsylvania Water & Power......	4,388,087 (5)	53.5	1,402,487	31.9	——	3.26	2.22	2.03	2.50
Peoples Gas, Light & Coke........	41,866,679 (5)	77.5	6,371,397	15.2	11.40 (6)	11.36	11.16	11.33	8.00
Southern California Edison........	35,281,927 (5)	49.8	6,826,084	19.3	——	3.09	3.20	2.94	2.00

Telephone and Telegraph Companies

American Tel. & Tel.	$235,781,978 (5) (d)	——	$143,170,491	——	——	$11.10	$11.66	$10.99	$9.00
International Tel. & Tel.	81,234,824 (5)	71.7%	14,596,336	18.0	——	3.42	3.69	4.04	2.00
Western Union Telegraph.........	136,449,513 (5)	88.2	15,467,659	11.3	——	15.11	15.06	15.24	7.00

(1) Period from May 5, 1928, to Feb. 28, 1929.
(2) Year ended Sept. 30, 1928.
(3) Year ended April 30, 1928.
(4) Year ended Feb. 28, 1929.
(5) Year ended Dec. 31, 1928.
(6) Year ended March 31, 1929.
(7) Year ended June 30, 1928.
(8) Year ended Dec. 31, 1927.
(a) Before depreciation.
(b) On Class A and B shares (or common) combined.
(c) Applicable on Class A shares.
(d) Gross derived from dividends on stocks held.
NF Not available.

New Economy in Power Generation and Transmission Give Steam Supremacy Over Hydro. A Development of Far Reaching Significance to the Public Utility Industry

King Coal Tightens His Grip on Power

By HERBERT L. MARTIN

THE endless procession of falling water from the clouds to rivers and thence to the seas has gripped the imagination of the world for a generation as the dominant source of power. It was seen as perpetual and inexhaustible, endlessly utilizable without the slightest depletion. Forever water runs down hill and returns to the clouds to repeat the descent.

Water power was seen as power already made, something that had only to be converted to application, something that would last unimpaired so long as gravity prevails and water seeks its level. It was conservation in perfection. Industrial dominance of the future was accorded to the rainy highlands of the world. One prophet put his finger on the map of the Congo and predicted that its tremendous rainfall and lofty highlands would make it the future industrial center of the world.

Business and Politics Champion Water

Ownership and control of water power was discussed as the potential economic tyranny of the future. Congress hastened to create the Federal Power Commission for the purpose of conserving and rationing water power, insuring its permanent control and providing for ultimate government ownership of developed power. The disposition of the Muscle Shoals power and plant and the subjugation of the Colorado River at Boulder Canyon became towering subjects of political controversy.

The business world was as much engrossed in water power as the political world. More than two hundred applications for power rights were made to the Power Commission in its first year and power prospectors and power companies strove to outwit and outmaneuver each other in an eager contest for this power in being. Water power and electric power were identified in the public mind; fuel power was entirely crowded out of the newspapers and magazines and any kind of a hydro-electric development attained the front page. From 1902 to 1927 water power advanced from 15.5 to 21.5 of the total power installation of the United States in public utility and manufacturing plants combined.

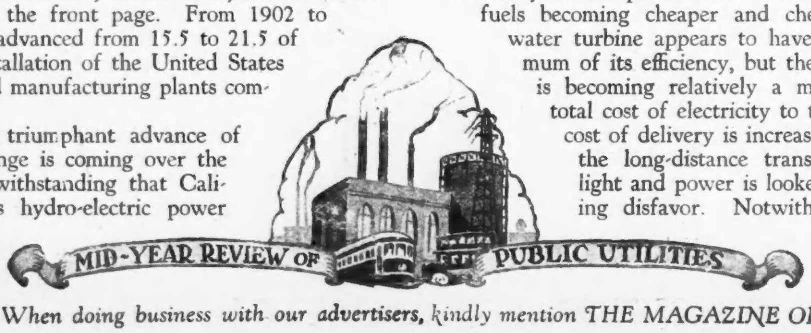
But despite this triumphant advance of water power a change is coming over the power scene. Notwithstanding that California increased its hydro-electric power 52.5% from 1922 to 1927 steam generated power increased there from 30.2 to 33.7 of all power during the same period. Recently the Southern California Edison Company announced that because it had found it cheaper to generate electricity with steam than with water it would for the present give no further consideration to hydro-electric projects—after spending hundreds of millions of dollars in the development of such projects. Not a single important hydro-electric plant is projected on the whole Pacific coast, despite its wealth of water power, while three great steam plants are building. New applications to the Federal Power Commission have fallen off about 25%, and in its 1928 annual report the Commission says: "Increased efficiencies that are being attained in coal, oil and gas stations for the generation of electricity may be expected to inaugurate eventually a definite trend toward those sources of energy at the expense of water power."

As a matter of fact this definite trend already has begun. Water power projects which might have seemed attractive five years ago are not now economically considered sound. It is being discovered that free natural power is not so free in the end as we used to think.

Water Power and Its Market

Aside from the limitations imposed by the amount of potential water power annually available, which must indefinitely make it inferior to other ultimate power sources, economic factors now begin to make for a retardation of water power development. Eighty per cent of the potential water power of the United States is on the Pacific coast while 70% of power demand is in the northeastern states. "Great as have been the advances in transmission of electricity," says Thomas A. Edison, "the art has not yet reached the stage when it is probable or even possible that electrical energy can be transmitted from the Pacific to the Atlantic."

Not only is the production of electrical energy from fuels becoming cheaper and cheaper, whereas the water turbine appears to have reached the maximum of its efficiency, but the cost of generation is becoming relatively a minor factor in the total cost of electricity to the consumer. The cost of delivery is increasing every year, and the long-distance transmission of electric light and power is looked upon with growing disfavor. Notwithstanding some impressive feats of long-distance transmission, the



average distance of transmission in the United States is only 22 miles, and if California is omitted in calculating the average it falls to 18 miles.

Delivery Costs

The power and light industry is confronted by a problem of diminishing returns which makes it imperative that costs of production and delivery must be reduced. With generation costs only 7% of the consumer's price, the main field for economies would be in transmission and delivery, even if water has a distinct advantage over fuel in generation. This fact operates against water power, which is rarely available near the centers of consumption. It is more economical to spend a little more on generation than much more on transmission. Matthew S. Sloan, president of the New York Edison Company, says, that while electricity output has increased about 9 to 10% a year in recent years sales have not increased in proportion to the dollar of investment; on the contrary, they have declined over the last few years. "This produces a lengthening of the time of capital turnover, which is now only once in more than 5½ years. Stated in dollars an investment of more than $5.50 is required now to produce a dollar of revenue from the sale of service."

Steam generating plants can almost always be built at or near the available market, thereby eliminating, by virtue of location, much of the cost of transmission and distribution. Furthermore they can be built in units, which means that the capital investment can be kept down to present requirements, whereas many of the hydro-electric developments of the future will require initial development in excess of the initial demand, thus involving a waste of capital for a number of years.

Rising Efficiency

The difference between steam and water in the cost of generating electricity is becoming less and less. Ten years ago the best steam plants required more than two pounds of coal to turn out a kilowatt-hour at the switchboard. Twenty years ago it took four pounds of coal to produce a kilowatt-hour. Today the best plants do it with less than one pound. A half pound to a kilowatt-hour is in sight.

Therein lies one explanation of the present plight of coal mining. Industry more and more derives its power from central electric stations, and it takes less and less coal to produce a unit of power at those stations. The Bureau of Mines in its report on "Coal in 1927" direct attention to the surprising degree in which the annual consumption of coal is falling off in the industries which use that material to produce power instead of heat as such. Twenty-two such power industries consumed more than 19,000,000 tons of coal in 1919, and in 1923 only a little more than 15,000,000 tons. Even when manufacturing plants have continued to generate their own power they have reduced their coal and other fuel requirements through increased efficiency of fuel utilization. Manufacturing as a whole, even, has not increased its consumption of coal since 1919, although in that period "the physical volume of the product has increased 30 per cent." The relative decrease in the amount of coal required in power production has a bearing on the cost of coal and, of course, on the duration of coal as a source of energy.

Even during the halcyon days of growth, from 1913 to 1917, water power increased its contribution to the energy supply of the United States only 3.5% of the whole. Oil and gas increased much more than water power as contributors to the country's energy supply, advancing from 12.4 to 29.6%.

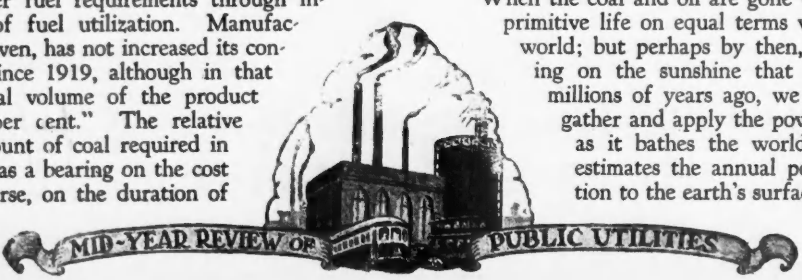
Returning to the question of the narrow limits of hydro-electric power growth, it should be noted that whereas the total potential hydro-electric power of the country, regardless of the factor of economic competibility with other power sources, is only 70,000,000 horsepower at the maximum, and 35,000,000 at the minimum annually. The total prime mover power installation of the United States is already close to 60,000,000, and more than 12,000,000 of that is water. Even if water power were always located alongside the industrial centers its possibilities would soon be exhausted—with 80 per cent of it 2,000 to 3,000 miles away. Its practical limits of rapid expansion are not far distant, in view of the fact that "only the best of the hydro-electric stations" (as Major Glenn E. Edgerton, chief engineer of the Federal Power Commission puts it) "can, when independently operated, deliver power at any considerable distance as cheaply as it can be produced by steam."

Huge Fuel Reserves

Although the United States has greater water power potentiality than any other nation in the world and more than any other political division of the world with the exceptions of the French and the Belgian Congo, it is well for its economic future that power generation depends on fuel rather than water. Whereas we have only one-seventeenth of the estimated minimum water power of the world, we have 51% of the coal; and probably at least one-sixth of the oil, although we are now producing 70% of the world's output, and have tributary to us the great oil fields of Mexico and northern South America. At the present rate of consumption our coal would last 3,000 or 4,000 years. It is impossible to even consider oil and natural gas in comparable terms. The growing cheapness of power will soon lead to an enormous expansion in its use. Whereas every American now has the mechanical equivalent of sixty slaves working for him he will doubtless soon have several hundred. It is conceivable that the annual coal production of the United States will ultimately be four times as much as now, but even at that rate the supply would last four hundred years. While the coal lasts its power possibilities dwarf those of water. The developed water power of the whole world, it has been calculated, could be replaced by the combustion of only 116,000,000 tons of coal a year, which is considerably less than the annual production of West Virginia alone.

The dissipation of the water power dream then holds no disappointment or threat for the United States. Our marvelous growth in material wealth is the result of the application of mechanical power to natural resources. In our fuels, chiefly in coal, we have more stored-up power than all the rest of the world. This means that our manufacturing supremacy will continue and grow greater.

When the coal and oil are gone we can revert to the primitive life on equal terms with the rest of the world; but perhaps by then, instead of depending on the sunshine that was stored in coal millions of years ago, we may find a way to gather and apply the power of sunshine daily as it bathes the world. Prof. Arrhenius estimates the annual power of solar radiation to the earth's surface as more than that of all the nine (*Please turn to page* 454)



Ten Years Ahead in Communication

Will Wires or Radio Waves Carry the World's 100 Billion Annual Messages?

By WALTER S. HIATT

WILL radio communication supersede the wire, and if so, how soon? In view of the confused and growing public impression that radio is assuming a paramount position as a means of communication, as compared to the cable, the telegraph and the telephone, the question needs careful consideration and an answer.

Rapid communication has so outgrown its swaddling clothes in recent years as to have become an independent industry and one involving immense sums in manufacture of equipment, in operation and in earnings.

Radio's Rapid Development

Steadily, on the one hand, wire communication has been growing in cost and complexity of organization for over 80 years. On the other, radio, practically born with the first Marconi trans-Atlantic message of the letter "S" in 1903, has made its gigantic growth in less than a quarter of a century.

Radio has also made possible and profited by the enormous extension in recent years of long distance and world-wide communication required for all forms of international commerce. Within itself, further, it has built up a huge and profitable industry, that of broadcasting, and more recently, through the same basic invention of the vacuum tube has made possible the talking picture. The possibilities of wireless seem limitless as time and space, not only in a scientific but in a practical sense. Television, its newest application, contains commercial use possibilities of vast potentialities.

A Corporation's Confidence

So if the extension of wireless means the retrograde of the wire, the scrapping process would be, if it had to take place quickly, an industrial disaster almost without parallel.

The best surface answer to this question is contained in the announced policy of the American Telephone & Telegraph Company, probably the world's largest single going concern and which has at its disposition thousands of experts to furnish the information on which its policy is based.

In its 1928 annual report Walter S. Gifford, president, told the stockholders that during the year the sum of $428,700,000—more than a million dollars a day—had been expended on construction, and: "The expenditure for 1929 is expected to exceed this amount, and for the *next five years* will undoubtedly be well in excess of the $1,900,000,000 spent in the past five years."

In other words, that company spent on its wires nearly two billion dollars in the past five years, and, in the face of radio growth, it will spend over two billion during the five-year period to come.

In the same report attention is directed to the long-distance field, in which radio has made such great strides, stating that while the total number of long-distance telephone messages had increased 18 per cent over 1927, the longer distance messages, such as those between the Atlantic and Pacific Coasts, had shown an increase of 100 per cent.

A significant statement is also made that bears on the use of radio. The company's trans-Atlantic radio-telephone service, operated in connection with the British Post Office, is to be replaced or supplemented by a trans-Atlantic telephone cable. At the same time, the company is establishing a short-wave radio-telephone service to the Argentine.

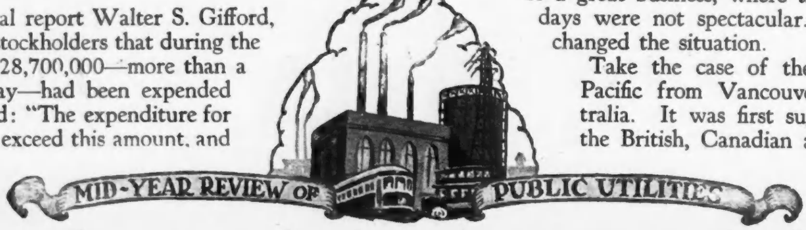
Supplemental Service

The A. T. and T., further, is interested in talking pictures, in television development, and has made contracts for the mutual use of wires with the Western Union and Postal telegraph companies, looking to the elimination of parallel pole lines and wire circuits, as it is possible, because of the different frequencies used, to both telephone and telegraph simultaneously over the same wires.

This chain of facts as to what this great company is doing, therefore, indicates the broad conclusion that wire and wireless supplement each other, that radio is just one branch of communication, and that there will be a continued use for an indefinite period of all known forms.

It is to be remembered, in view of the speculative activity of radio stocks within the past year here and abroad, the development of radio use in Australia, Africa and South America, and the large earnings in the broadcasting field, that bankers and investors have rather suddenly awakened to the reality of the large earnings in this entire field. Old-line communication has long been in the hands of conservative people deeply interested in the technical difficulties facing them and in the successful operation of a great business, where the profits in former days were not spectacular. The World War changed the situation.

Take the case of the cable laid in the Pacific from Vancouver, B. C., to Australia. It was first suggested in 1896 by the British, Canadian and Australian governments as a project to be subsidized for



For Distinguished Service

IN three years out of the six during which the Charles A. Coffin Awards have been in effect, companies whose operations are under the supervision of this Corporation have won the Charles A. Coffin gold medal for distinguished contribution to the electric light and power, or transportation industries. These winning companies are:

Consumers Power Company
Penn-Ohio System
Grand Rapids Railroad Company

The Anthony N. Brady Memorial Medal which is offered annually for best accomplishment in accident prevention and health promotion by an electric railway organization in the United States, was recently awarded to the Penn-Ohio System.

In addition to these awards, both Consumers Power Company and the Penn-Ohio System have been prize winners in the annual contest sponsored by Forbes Magazine beginning in 1924 for the most constructive public relations campaign conducted in the local territory.

These winning companies, together with others supervised by the Allied Power & Light Corporation render electric power and light, gas, water, ice and/or transportation services in 1,054 communities in 14 states with a population estimated at 4,360,000 including 1,014,852 electric and gas customers. The combined gross earnings of these companies in 1928 were more than $105,000,000.

ALLIED

POWER & LIGHT CORPORATION

mutual political and long-pull commercial interest. The length of the cable is 7,839 nautical miles and cost $10,000,000. It was operated for the first 13 years at a loss of $3,000,000. The World War gave the cable more traffic, it began to earn money in 1915, and by 1925 the surplus exceeded the original capital expenditure.

The speeding-up of business, both local and international, after the World War, the need felt by each country to own its communication systems, and the apparent ease with which radio systems might be built up, attracted public interest to the whole situation, and to the financial possibilities therein.

The organization of the International Telephone & Telegraph Corporation in 1920 expressed financial visualization of this fact and appreciation of the possibility of doing internationally what the A. T. & T. had done in the United States.

Wire and Radio Combine

The I. T. & T., entrenched in the United States in the cable and telegraph fields, as well as engaged through 40 subsidiaries in establishing new telephone plants in foreign countries, has lately gone extensively into radio and is now endeavoring to effect the purchase of the communication branch of the Radio Corporation of America, if that will be permitted by Congress.

The far-flung activities open to the general industry are indicated by the fact that one concern organized for handling electrical communication securities lists 12 divisions of investment and lists 15 principal companies. Not only the established companies of years standing are expanding, but many new companies are being formed for development of opportunities allied to communication. There has been recently an effort by a group of bankers looking to consolidate many of the 9,000 independent telephone companies in the United States, representing about one-fourth of the nation's business not taken care of by the A. T. & T. and its 24 associated companies. One of the objects of this proposed new grouping is not only to carry on the telephone business, but doubtless with an eye to use of the lines for telegraph, broadcasting and other business, not excluding radio transmission. Numerous newspaper organizations, too, are endeavoring to form radio communication systems of either a local or world-wide nature for their individual purposes.

Not for 25 Years

With all of this cooperative use of facilities and development it scarcely appears likely that radio communication will supplant the wires. "They will be essential for at least another quarter of a century," says one official interested in both radio and wire communications. "It may be that in time the wire will be superseded as was the horse by the locomotive and the automobile, but it took a century to do that in the United States and the rest of the world is still using the horse."

The great systems of communication in use today are both complementary and supplementary. The telephone dominates in the transmission for the spoken word, the telegraph in the written message. Radio supplements either, and bridges the gap from ship to ship, or ship to shore, or to the airplane or speeding train. It surmounts physical barriers as well as political boundaries and gives point to point service between great centers without relay. On the other hand, without land wires, its field of service would be sharply curtailed. A message from Vienna, Austria, to Harrisburg, Pa., might be transmitted directly to "radio central" at Rocky Point, Long Island, but land wires would complete the journey to its destination.

Lower Cost For Radio

It is true that both operating costs and capital investments are less for radio than for any of the wire or cable systems. The short wave has recently still further reduced the cost of radio transmission. But when large traffic volumes are demanded then this advantage is overbalanced.

There is a current fallacy that holds that radio competition has reduced rates of all classes of communication. As a matter of fact, the greater prosperity of all other forms of communication has come since radio entered the field. Lower rates are possible today because of the multiple use of wire trunk lines, and engineering progress has made it possible to multiply speed over lines by eight times in the past twenty-five years. A wire system may be compared to that of a railroad. More earnings come from volume.

Demands of Modern Business

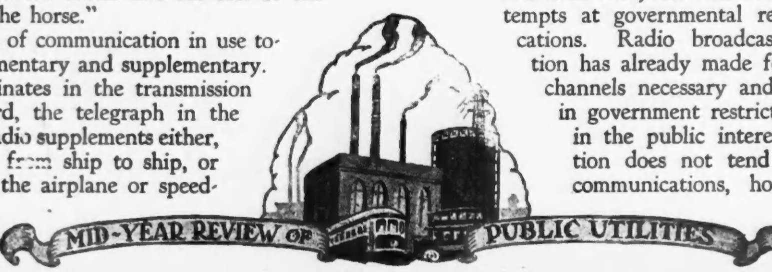
This volume has come to communication in large part through the new demands of modern business. Hand-to-mouth buying, for example, has made necessary the use of the telephone and the telegraph for quick orders, price discussions and the keeping track of deliveries. Other volume causes have been the increase of international trade, rapidity in banking and a rising volume of transactions on the security and commodity markets of the country.

The 5-million share days of the New York Stock Exchange were possible through facilities offered by telegraph and telephone lines.

The investor who would know what is going to take place in communication volume must therefore study advances in business volume at home and abroad. Every new development in South America, in Europe or elsewhere means more communication business.

It is evident that when the world is keyed up to the telephone, as here, instead of 36 billion messages a year, there will be more than a hundred billion, and within ten years. More business and more speed in business means that while the mail has doubled in the past 15 years, wire and radio have tripled and quadrupled in volume. As world population increases, with a wider use of manufactured articles, the next ten years will better that. This will require vaster networks of wire systems, more capital, direct round the world telephone and telegraph cables as well as direct radio.

The next ten years will doubtless witness some attempts at governmental regulation in communications. Radio broadcasting and communication has already made federal allotment of air channels necessary and further developments in government restrictions may be necessary in the public interest. The patent situation does not tend toward monopoly in communications, however, and whatever advantage one (*Please turn to page 454*)



Shall We Regulate the Holding Company?

Formation of Super-Systems Revives Question of Governmental Supervision

By ALFRED C. TOWNSEND

SCARCELY a day now passes without announcement of the formation of a new combination among our great public utility companies or the extension and realignment of one or more of the older combinations. While this is directly in line with the trend of the times toward bigger and still bigger business units it comes in a field essentially monopolistic in character. Despite the many acknowledged benefits of giant holding companies to investors there has been considerable outspoken criticism on the part of those who see danger in the concentration of so much industrial power and wealth in a few hands and that without great investment of personal funds.

Criticism of the great holding companies and super-holding companies and of the alleged manipulation of the properties and securities involved has brought repercussions in suggested investigations by Congress and other official bodies. The question has not infrequently arisen as to whether the utilities should not be subjected to regulatory supervision. Meanwhile stocks of the new combinations have steadily ascended to new high levels of value.

Unified Control

As nearly everybody knows the holding company is basically only a means for bringing a group of otherwise independent operating companies under a single control and unified management. In earlier times many of the same ends were accomplished by voting trusts and other devices but these lacked the stability and flexibility of the holding company, itself a corporation and as such possessing perpetual existence and being entitled to full protection of the laws until its acts or purposes were shown to be in themselves definitely contrary to law.

To secure and maintain control of any subsidiary it is necessary for the holding company to own or control only a bare majority of the voting stock, or less, of course, if independent interests are divided or remain satisfied and do not unite to make active efforts to oust the management. This investment in voting stock may represent only a very small fraction of the total capitalization of the controlled company, the bonds, preferred stock and any non-voting stocks of which may be held by the public. The holding company in turn may finance itself largely by the sale of debentures and collateral trust bonds secured by the control stocks held in its subsidiaries, or by selling minority interests in its own stocks, so that the actual investment of those who control a group of properties of tremendous value may be very small indeed.

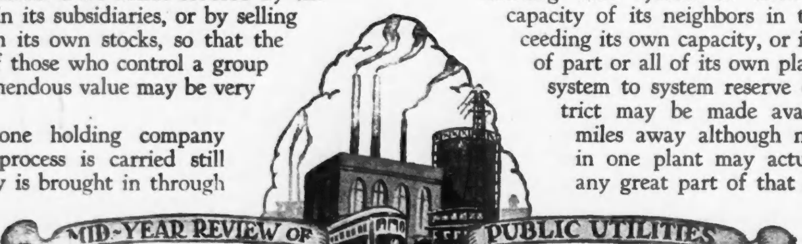
By pyramiding one holding company upon another the process is carried still further, more money is brought in through the sale of additional securities to the public and the proportionate investment necessary for control becomes smaller and smaller. It is obvious that such capital structures may easily become topheavy. Everything rests, in the last analysis, upon the continued development and growing earning power of the operating companies at the base of the structure. Should anything happen to check or to reverse the strong upward trend of earnings so characteristic of the public utility group during recent years the results might be disastrous to holders of junior equities.

Chief among the virtues resulting from holding company methods are the greater economy and efficiency resulting from coordinated activity and unified policies. Costs of administration are reduced, tie-ups between generating units increase the reserve capacity of the system as a whole without great additional cost to each plant. Expenditures for engineering and legal advice and many other items of overhead all along the line are substantially reduced for each unit by being spread out over the entire system of properties. The results of all these savings may be—but critics say they usually are not—passed on to customers in the form of lower rates. At all events the extent of the actual public participation in the advantages of holding company operations in the public utility field has been the subject of very sharp debate.

Although holding companies did not originate among the public utilities and while today they are found among all branches of industry they are particularly well adapted to the public utility field. Competition among like units seeking to offer the same service in a single territory long ago proved expensive and unsatisfactory in most cases and public utility operating companies now usually have monopolies in their own districts. The grouping together of similar independent units serving adjacent fields has been a natural development and has gone on apace in recent years. Comparatively few independent operating companies of any consequence remain to be absorbed.

Interconnection of Systems

Superpower, the next logical step in the coordination of the electric industry, consists in the interconnection of great systems of generating plants, or of individual plants of great capacity, enabling each system to draw upon the reserve capacity of its neighbors in time of demand exceeding its own capacity, or in case of the failure of part or all of its own plants. By relay from system to system reserve capacity in one district may be made available thousands of miles away although no energy generated in one plant may actually be transmitted any great part of that distance. Of course the next and final step lay in coordinating the



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The Derby Gas and Electric Company
Central States Utilities Corporation
The Greater London and Counties Trust Limited

For 12 months ended March 31, 1929

Gross Revenue of Operating Companies	$44,124,310
Net Earnings of Operating Companies	19,995,479
Net Income of Operating Companies	8,480,990
Other Net Income of Holding Company	2,012,931
Net Income After All Deductions	4,964,108

"We Prosper As We Serve"

control and policies of these interconnected systems through the great super-holding companies about which we read so much today. Great systems of holding companies, each one controlling many operating units in territories close enough together to admit of economical interconnection of plants are being brought under the control of these new super companies.

Interconnections of widely separated generating plants have led to many practical difficulties other than those of engineering. Power generated in one state is transmitted into and distributed in others. Power generated in Canada is distributed in one or several of our states and may have been transmitted across still others. By relaying electrical energy from system to system as suggested in an earlier paragraph the difficulties are multiplied and it may become almost or altogether impossible to trace to its source the current distributed in any particular locality. All of these elements are subject to continual change with variations in the relative supply and demand throughout the interconnected systems.

State or Federal Regulation

Clearly state regulatory bodies may be faced with interstate and even international questions. Shall the state in which power is distributed have the sole control over rates regardless of the fact that the current may have been generated in another state or in another country? Shall the state or country in which the power is generated have sole control regardless of where the current is distributed? Shall a state through which power is merely transmitted have any measure of control? Where power from plants in various states is intermingled in transmission and distribution which state shall control? Legal and practical problems appear to be endless.

As a solution it was perhaps inevitable that some federal agency, analogous in some degree to the Interstate Commerce Commission, should be suggested. It has been asserted that only a federal agency clothed with authority beyond dispute by any corporation or even by any state could deal adequately with disputes which seemed almost certain to arise. Thus far no such federal authority has been constituted and many close students of the problem hope none ever will be created. The spectacle of a national government tending to become more and more centralizd and bureaucratic with less and less freedom of action remaining to individuals and to the several states is already sufficiently alarming to many good citizens.

State regulation, while admittedly difficult, should not prove impossible. There is no reason to believe that a broad policy of cooperation among the states with a disposition to meet each other half way may not result in harmonious laws and agreements covering matters of rates, control over new security issues, and other matters properly subject to control outside that of the interested corporations themselves. Joint or cooperative regulation by the interested states, so far as regulation may prove to be necessary, would probably be more acceptable to all concerned and should be just as effective as federal regulation, which should be adopted, if at all, only when agreement among the states has proven impossible.

The investor naturally inquires whether or not the recent spectacular rise in public utility stocks, particularly those of the great holding companies, can continue. Are such securities still in a buying range, or are they already selling at levels too high to be long sustained? These questions are difficult ones to answer and regarding them there is great difference of opinion in well informed circles.

Justification of Holding Companies

There are strong technological and economic grounds justifying the existence of the holding company in the electric field, but there are no longer such reasons for the existence of an independent plant in any community except in the largest cities. No single company dominates, as in the telephone service, nor is there any need for complete national unification.

The measure of credit due the holding companies for the consolidations achieved must be determined with due consideration for the vast difficulties met in bringing together under unified control properties located in different communities and affected by numerous and divergent financial interests. Let any critic attempt to establish a satisfactory consolidation of two properties in any two communities reconciling both the local governments and consumers and satisfying stockholders and bondholders interested in the two properties. Such work has required great energy, clearness of mind in technical matters and in negotiation, and constructive ability of the highest order in matters of finance and arrangement of corporate structures. This has been successfully accomplished among many properties located in a large number of widely separated districts. No one who has done work of this sort well, and with proper regard for the public interest, will ever receive the amount of public credit due him for this enormous economic achievement. On the debit side it must be said that many holding company systems are now based upon financial structures which will have difficulty in standing and which prevent, in large measure at least, the passing of the economies realized to the public in the form of better service and lower rates.

Investment Aspects

Relative to demonstrated earning power many holding company stocks are without doubt priced fully high enough today according to all accepted standards and thus might prove to be in a vulnerable position in case of further general market reactions. On the other hand, measured by the ultimate prospects of the great and rapidly expanding industries which have given us such a remarkable demonstration of progress during the last decade and in which all indications point toward still greater development in the future, it might well prove very short sighted to say that prices substantially higher than those now prevailing would not be justified.

It must be admitted that the stocks and bonds of super-holding companies are far removed from the basic properties. Equities in property values and true earning power are very difficult to trace and to appraise accurately. Accounts are complicated and figures are easily subject to manipulation due to variations in policy relating to reserves for depreciation and many other items. Stock prices are likewise subject to manipulation because of the relatively small floating supply in some cases. Earning power, resting as it must upon the rates which operating subsidiaries are allowed to charge for services rendered by them, is in large measure at

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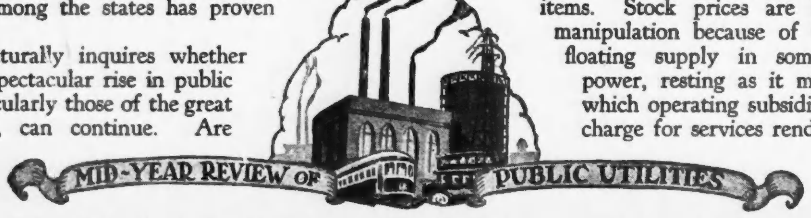


Water Securities Offer Investment Safety

By L. EDGAR DETWILER
President, Detwiler & Co., Inc.

IF one should start a serious financial discussion in these pages with the statement that every investor seeks an investment that is permanently safe, one over which he need not worry ten years from now nor during his lifetime, or over which his heirs need not be concerned throughout their lives, the sophisticated reader might instinctively thrust tongue into cheek and say: "Yes, platitudes, like the poor, we have always with us."

To find for the permanent placement of one's funds an enduring medium with just such characteristics of safety, requires searching analysis into many industries. Even with no preconceptions not created by the purpose of the search, but having in mind only the requirement itself, both the layman and the analyst face no mean task.

An Essential Industry

After a survey of the entire range of commercial enterprise may not the nearest approach to such a requirement be found in the water works industry?

The mention of water works suggests indispensability. This, in turn, implies stability, permanency, and safety. The phrase implies also growth. Consumption of water grows not only with the population but per capita, and this is most marked in those countries, like ours, in which prosperity and the consequent demand for luxuries is preeminent. Water for drinking is a necessity. Water for automobile radiators—27,000,000 of them—is a transportation necessity. Water for the daily shower bath or plunge is a luxury that, in the United States, is encroaching on the territory of the necessities.

In the present somewhat over-done speculation, investors of long experience perhaps appreciate best the value of a type of safety that cannot be affected except favorably by almost any set of conditions that may develop in the continuous growth and progress of this country.

The writer was much impressed a short while ago with a notation that appeared on the will of one of our pioneers,—one of the founders of a prosperous Pennsylvania community. Referring to his investment in the local water works company he said: "So long as water flows and grass grows my water company stock shall not be sold." Here is a vivid illustration of the acuteness of the pioneer mind which conceived and laid the foundations for this country's prosperity.

It may said that there is no earning power of private enterprise so permanently secure as the earning power of a property supplying water to a community. Steadiness and growth of this earning power are essential characteristics of water works operations, but there are numerous other fortifying features derived from the nature of the business and from the conditions under which the business in conducted.

There is, for instance, little competition to contend with as in other industries. There is in reality less competition, for the local water works company than for any other industry in any community. There are no labor troubles because so few employees are necessary. The plant and equipment are subject to little change and last for many years. Reservoirs are virtually indestructible. Water mains, even of wood, once laid, last for generations. In 1927 four old wooden water pipes made from hollow tree trunks were excavated from Piccadilly, London. This ancient section of hollow elm pipe is believed to be part of that laid in London shortly after 1630, an undertaking financed by a lottery licensed by Charles I.

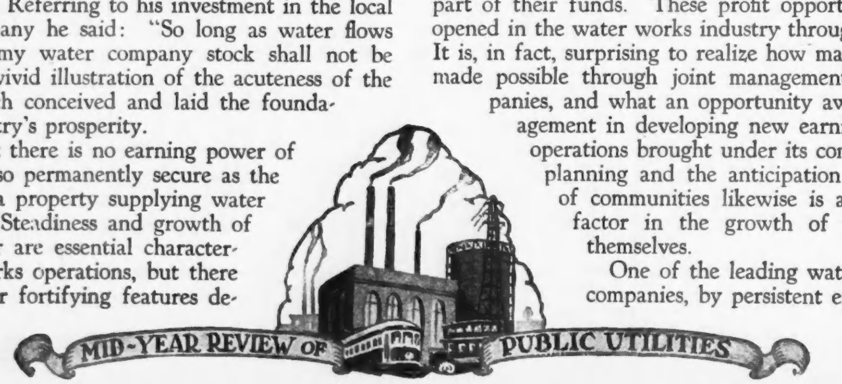
Over-production of either the raw material or the finished product, which makes investment hazardous in so many industries, is absent in water works operation. Inventive genius is not likely to find a substitute either for water itself or for the present means of its transportation. There is no substitute for water because, together with air, it is the first necessity of life. We cannot live without water.

Investor's Protection

Recognizing the fact that the business is a natural monopoly, both the company supplying water service and the communities themselves are protected by State supervision of rates and service. For the investor this offers a two-fold protection. It means both the assurance of the earning power producing his income and a type of supervision for the management of the enterprise that is to be found nowhere without the public service field.

One of the most interesting financial developments of recent years has been the opening of substantial profit-opportunities (as well as of investment opportunities) in this safe and stable industry. Recognition of this fact by the masses of investors cannot come too soon because people nowadays look for possibilities of capital gain for a good part of their funds. These profit opportunities are being opened in the water works industry through consolidations. It is, in fact, surprising to realize how many economies are made possible through joint management of water companies, and what an opportunity awaits expert management in developing new earning power in the operations brought under its control. Far-sighted planning and the anticipation of future needs of communities likewise is a most important factor in the growth of the communities themselves.

One of the leading water works holding companies, by persistent efforts in effecting economies over *(Please turn to page 448)*



Can the Tractions Come Back?

An Unbiased Discussion of the Difficulties Which Have Restrained the Industry.

By HUGH OGLETHORPE

Representative List of Sound Traction Company Bonds

	Price	Yield to Maturity %
Hudson & Manhattan RR. 1st & Ref. 5's, 1957	90	5.72
Brooklyn City RR. 1st Cons. 5's, 1941	83	7.13
Brooklyn Manhattan Transit Co. Secured 6's, 1968	95	6.35
Chicago, North Shore & Mil. 1st 5's, 1936	95	5.88
Twin City Rapid Transit Co. 1st Lien & Ref. 5½'s, 1952	88	6.50
West Penn Traction Co. 1st 5's, 1960	90	5.69

THOSE companies engaged in providing transportation facilities in communities both large and small throughout the United States have for some time been operating under a severe handicap imposed by numerous adverse conditions. Traction securities, generally speaking, have descended to a low level of investment popularity making it exceedingly difficult for electric railways to raise the necessary funds for new equipment and other improvements. Neither the industry nor its component companies, however, are responsible for this unfortunate situation for there is ample evidence of skillful management and engineering ability. On the contrary, the causes are deeply rooted in the social and economic changes which have been wrought in this country during the past decade and longer, first among which has been the trend toward a higher wage scale. The industrial and economic benefits of a generous pay-envelope are manifold but the traction companies have been without the necessary means to create additional revenues and offset the higher labor, equipment and maintenance costs. Legal barriers, civic opinion and politics have, in many instances, prevented these companies from obtaining a higher rate of fare and they have been compelled to adhere strictly to the terms of antiquated franchises.

Bus Competition

Bus competition and the ever-increasing use of the privately owned automobile have steadily reduced the number of passengers carried and congested traffic in all cities of any size, resulting in a consequent slowing-up in the movement of surface cars, has not only increased their cost of operation but has led passengers to seek more rapid means of transportation.

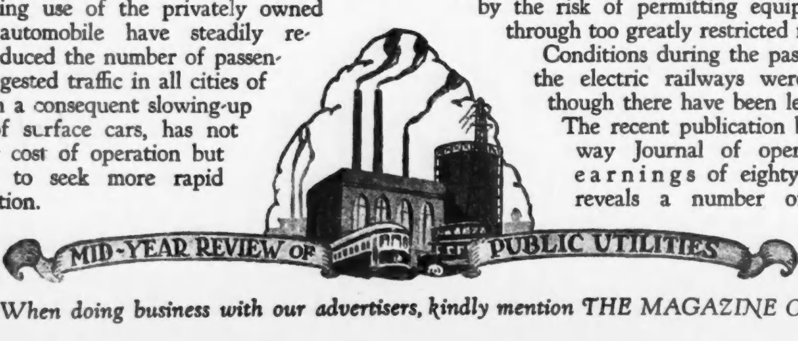
Faced with these several impediments, it is not surprising that the earnings of several of the traction companies have been depleted, in some instances to the point of receiverships and capital reorganizations. The opinion is frequently voiced that the street railway is rapidly becoming obsolete and will eventually be put out of business. Doubtless, there is some basis in fact for this contention to be found in many of the smaller communities where street car facilities have been partially if not totally abandoned and replaced by busses. On the other hand, short-haul transportation facilities are an economic necessity in the large urban districts where to substitute busses or even to use them as feeders would only increase the complexity of the already tangled traffic situation. For this reason traction companies in the larger cities may be expected to endure for many years.

Need for Economy

There is little which the companies can do to mitigate the popularity of the automobile and efforts to do so by providing a more attractive service are, at best, a slow process, being hampered by inadequate resources and the inability to make satisfactory financing arrangements. Only by exercising the most astute methods, have some of the companies been able to offset the decline in gross revenues by careful control of operating expenses. Progress in that direction, however, is limited somewhat by the risk of permitting equipment to deteriorate through too greatly restricted maintenance policies.

Conditions during the past year, as applied to the electric railways were not favorable although there have been less satisfactory years. The recent publication by the Electric Railway Journal of operating statistics and earnings of eighty separate properties reveals a number of interesting facts. Total gross

(Please turn to page 448)



America Plays Increasing Part in Utilities Abroad

Ideas As Well As Capital for Foreign Power

By RONALD P. HARTWELL

WITH the rapid development of the United States as a creditor nation the American participation in the financing of foreign public utilities has become a factor of major importance.

The significance of this movement lies not alone in the volume of the investments, but in the fact that other countries are borrowing men and methods which have been contributory to the success that the United States has attained in the profitable generation, distribution, and use of energy.

Power Resources Important to National Prosperity

This country contains but a small percentage of the population of the world and in area is but a small part of the globe. Nevertheless, we are endowed with rich natural resources, the development of which has meant the attainment of a degree of national wealth and prosperity hitherto unknown.

There can be no doubt that the use of money by the people of this country for the development of power, and the widespread and intelligent use of this energy is responsible, in large degree, not only for the efficient utilization of these resources but as well for the high American standard of living, the diffusion of wealth, the creation of an important source of investment through customer ownership, and the reduction in the cost of manufacturing, with the consequent increase in the purchasing power of the people and the addition of manifold comforts and luxuries in their daily lives.

It is, therefore, not only the money that has been invested in American utilities but the resulting benefits that has produced a situation without parallel.

In considering the present position of American utilities in general and the post war development in the foreign field, it is well to bear in mind that beginning in the early years and continuing through a long period of the history of the United States, that much of the money required for the construction of public utility properties here came from foreign countries. In the field of transportation, communication, power and light, investors of other lands put their surplus funds in American properties in substantial volume.

With the World War, America became a lender instead of a borrower. It is but natural, therefore, that countries elsewhere in the world should in coming to the American money market for funds for public service enterprises, enlist as well the ideas and methods which have set the pace for such development in this country.

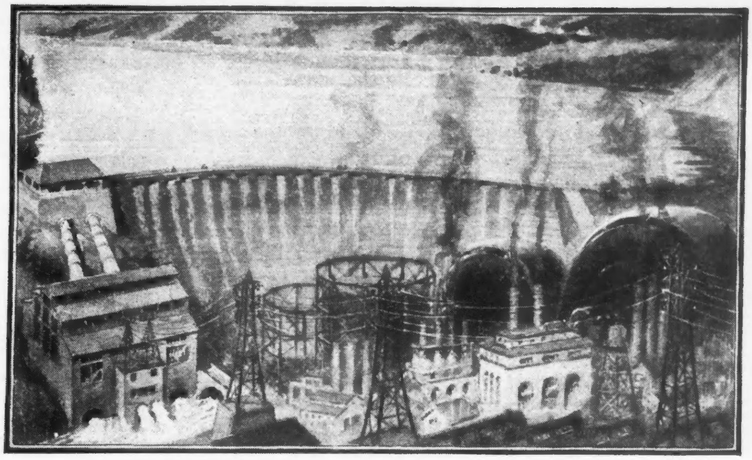
This opportunity for usefulness has been a fundamental factor in extending our public utility investments abroad. Engineers associated with American utility interests in their projects in this country are sent abroad to the plants of foreign companies in which the Americans have secured an interest, to contribute their knowledge in the development of these utilities according to the most modern practice. Engineers of the foreign utility companies pay reciprocal visits to this country, thereby effecting a valuable interchange of ideas to mutual advantage.

In foreign countries, the development of electricity has been slower than here, although in recent years this too has proceeded at an accelerated pace. Available figures show that the per capita consumption of electricity in the United States is approximately 627 kwh. per annum comparing with 250 kwh. in Germany, 188 kwh. in Italy, 155 kwh. in Great Britain, and varying amounts in other countries, but chiefly much lower than even for the specific countries mentioned. The great disparity between the consumption of power in the United States and in foreign countries is indicative of the possibilities of the electric power and light industry in these countries.

Foreign Power Development Retarded

Electrical development in many countries, particularly in Latin America, has lagged behind because of the dearth of local capital. South American countries, for example, were expanding faster than capital became available, similar to the way the United States was expanding prior to 1900. At the same time, outside capitalists had not aided for several reasons; fear of unstable political conditions, the difficulty of building up an organization capable of handling the problems presented in foreign countries, and the reluctance of the investing public to supply capital in large amounts.

Before the World War, British and European capital was largely responsible for many of the South American utility developments and in other parts of the world, but the post war period saw Europe in need of large amounts of capital herself, a factor which provided the opportunity for American capital to carry on the further development of public utilities not only in the Latin-American countries, but in Europe as well. Moreover, the



difficulties mentioned previously have been to a great extent overcome, with the result that American investment in foreign utility companies have expanded tremendously in recent years.

Extensive Investments Abroad

In Latin America, one of the most prominent American companies acquiring utility properties has been the American & Foreign Power Co., which was organized in 1924 by the Electric Bond & Share Co. At the end of 1928, this concern and its subsidiaries owned or controlled properties in Cuba, Argentina, Brazil, Chile, Mexico, Panama, Guatemala, Ecuador, Colombia, Venezuela and Costa Rica. Minority interests were held in utility companies in British Columbia, France, Spain, Italy, Germany and Japan, but these holdings were for investment only and are not comparable to the holdings in Latin America. The company's expansion was particularly rapid in 1928, with large utility holdings being taken over from British interests. The present year finds the company acquiring more properties in these countries, and in addition has contracted to take over the electric power and light property of the International Settlement at Shanghai. Other American companies also have been active in the field of Latin American utilities.

In Europe, utility financing by American capital has consisted not only of loans to operating companies but the acquisition of equities as well. The public utility properties in Germany and Austria are largely municipal or government owned so that loans here have usually been in the form of bond issues.

In Italy, the electric power resources, which are chiefly hydro-electric, have been extensively developed by private capital, and here American investments have been both on secured obligations and in equity issues. Considering that Italy is not a coal producing region, the development of its hydro-electric resources is particularly important to its national welfare. Since 1922, the kilowatt output has practically doubled, although as yet only about one-third of the available power has been developed.

Prominent among the American interests in Italian power financing are International Power Securities Corp. and Italian Superpower Corp. The former company has also invested in utilities in France, and confines its investments chiefly to carefully selected obligations of successful public utility companies. Italian Superpower, on the other hand, has as its purpose the acquisition of substantial interests but in no case a majority of the stock in practically all important electric power and light companies in the Kingdom of Italy.

The recent acquisition of extensive electric power and light properties in Great Britain by Utilities Power & Light Corp. is probably the forerunner of further expansion on the part of American interests in this territory. The slow development of electricity in Great Britain has been due largely to legislative opposition to private utility projects. With the passage of the Electricity Act in 1926, however, and the granting of exclusive operating contracts in allotted districts, this situation has changed.

In the Scandinavian countries, especially Norway, American capital has been active in the development of power resources. Union Carbide and Carbon Corp., through a subsidiary, controls a large hydro-electric development in Norway, the bulk of the energy generated being used for its own manufacturing operations, but part of which is sold to neighboring communities.

Canada has long been a fertile field for American investments, and hydro-electric developments there have absorbed large amounts of American capital. Many of these have been developed in conjunction with large industrial enterprises —newspaper, chemical and mining projects.

Aside from the electric power and light phase of public utilities, tremendous strides have been made in the communication field. The International Telephone & Telegraph Corp., an American concern, has achieved an unusually strong position in this field. In the eight brief years of its existence, this system has expanded from two small telephone companies, one in Cuba and the other in Porto Rico, to a group with interests on four continents—the Americas, Europe, Africa and Asia. Today the company is the largest cable and radio concern in the world, providing connections with practically every country in the world. In the telephone field, the company has a virtual monopoly in Spain and in Argentina, and operates systems in Chile, Uruguay and Brazil.

Management Important

The question of management of foreign utility properties presents some interesting phases. Where securities, either bonds or stocks, of the foreign company are offered directly to American investors, the management of course remains entirely in the hands of nationals, with possibly a representative of the American bankers who offered the securities on the board to act in their interests. Also where American corporations have been organized with the purpose of acquiring only minority interests in foreign utility companies, the management and control likewise remain almost entirely in the hands of local people. However, where actual control of foreign properties is acquired by American corporations, the question of management becomes more delicate. Management by "outsiders" may be resented. In such cases good policy has been to delegate the managerial power to nationals of the country with the American corporation providing the technical skill to inaugurate improvements and to supervise the local companies' operations in a general way.

The practice of one large corporation with extensive interests abroad in approaching a solution to this important problem of management is to provide training in this country for a selected number of citizens of the countries where the operating properties are located. These are generally taken from technical schools and colleges and after the training here provide the backbone for an organization capable of handling a steadily increasing business in the foreign countries.

Further Expansion Probable

In aiding the development of public utility enterprises abroad, money has been provided through the sale of securities, both bonds and stocks, of the foreign companies direct or often of a domestic corporation organized to acquire investments in foreign utility enterprises. The large resources at the command of some of these latter corporations enable them to make careful engineering, financial, and legal scrutiny of the properties in which investments are made. This, of course affords an effective safeguard to the investors in the securities of these enterprises, enabling them to benefit from the undoubted growth in foreign power developments in which American capital without question will participate more and more in the future.

Can the Tractions Come Back?

(*Continued from page* 442)

revenues of the entire group, which includes both large and small companies, were practically the same as in 1927 and only 22 companies were able to show a gain in gross although 47 reported lower expenses and 31 were successful in increasing net income. Twenty-four companies in the compilation paid dividends on all or a portion of their capital stock during the year. Classifying the companies into three groups consisting of interurban, city, and combined properties, it was found that the interurban group made the poorest showing by comparison. Some encouragement, however, may be derived from the fact that some of the smaller companies which appeared in a precarious position several years ago are now showing signs of making some headway by developing various economies and otherwise improving operating methods. Improvement was most pronounced in the case of those companies operating both urban and interurban facilities, due largely to their ability to reduce expenses.

From a consideration of these facts it is obvious that investment in the tractions should be attended with unusual care and investigation of the status of the companies. Some desirable and safe investments do exist in the industry, particularly for the patient holder. Greater safety generally speaking is to be found among the traction bonds, and at the present levels of the bond market certain carefully chosen issues, such as those represented in the accompanying table, are not without possibilities for price appreciation if held for a reasonable period.

Water Securities Offer Investment Safety

(*Continued from page* 440)

a recent six-year period, has been able to retain as net income an additional ten cents of each dollar gross revenue, reducing its operating ratio from 55 per cent to 45 per cent. So far-reaching are the advantages of consolidations in the water works industry that value appreciation for the capital invested in the profit sharing securities of these consolidations that are now in a period

of growth, may, in a sense, be considered automatic.

And the opportunity, as well as the advantage that is available to investors, is unusual. A common stock participation in a water works enterprise has elements of safety derived from the nature of the industry that enable it to compete as to safety with many forms of funded debt. Doubting Thomases are referred to the ten, twenty or thirty-year price range of any classes of bonds and to the price range of the common shares of any of the few existing water works holding companies from the year of their incorporation. It is, perhaps, a little known fact that many hundreds of thriving, prosperous communities obtain their water supply from private sources of supply, a large part of the ownership of which is lodged in estates or with old line local investors. The changing trend from local investments to so-called national investments has made it increasingly difficult for the small local company to obtain on advantageous terms the capital that is required to meet the increasing demands of these growing communities. Then, too, many towns and smaller cities which own their water supply systems, and which have been rapidly approaching their legal debt limits with still new public improvements immediately before them, are righfully asking the question: "With our electric light, gas, telephone service and our transportation under private ownership, why should we not relieve our financial problems by placing our water service in able private hands, particularly when we have the protection of our state Public Service Commissions?"

These factors are clearly marking a strong trend toward the consolidation of water works, and serve to create opportunities for investors that are unparalleled. This new channel for funds is being widened, and it is possible for people to combine in one investment the highest form of safety with the speculative opportunities that inhere in the continuous enlargement of net earnings applicable to common stocks. The combination of investment certainty with speculative probability finds expression in funded obligations convertible into common stock, and in the sale of combinations of preferred and common stock.

So the search for an investment that meets present day requirements and that will stand all the numerous tests of the years as to safety and immutability leads to the current presentations of water works securities. There are indications that an army of investors will be seeking securities with these characteristics as the present speculative urge gives way to sounder investment tendencies.

Public Utility Investment Suggestions

Bonds

1: FOR INCOME ONLY

Operating Companies

	Price	Yield
Connecticut Ry. & Lighting, 4½s, 1951	95	4.63
Brooklyn Edison, General, 5s, 1949	103	4.77
Detroit Edison, Gen. & Ref. "A" 5s, 1940	101½	4.82
Public Service El. & Gas, 1st & Ref. 5s, 1965	101¼	4.88
Montana Power, 1st & Ref. 5s, 1943	100½	4.95
Louisville Gas & El., 1st & Ref. "A" 5s, 1952	100¼	4.97
Pacific Gas & El. Gen. & Ref. 5s, 1942	100⅛	4.98
Alabama Power, 1st Ln. & Ref. 5s, 1956	100	5.00
Consol. Gas & El. Lt. & Pwr. of Balt., 5½s, 1952	105	5.12
New York Edison, 6½s, 1941	112½	5.15
Indianapolis Power & Lt. 1st 5s, 1957	96¾	5.28
Laclede Gas Light, 1st Coll. & Ref. 5½s, 1953	102½	5.31
Los Angeles Gas & El., 5½s, 1949	102¼	5.31
Arkansas Pwr. & Lt., 1st & Ref. 5s, 1956	94½	5.38
Seattle Lighting, Ref. 5s, 1949	94	5.50
N. Y. Steam Corp., 1st 6s, 1947	105½	5.57
Central Georgia Power, 5s, 1938	95½	5.64
Kansas Gas & Elec., 6s, 1952	103	5.76
Duke Price Power, 1st 6s, 1966	102	5.87
Ohio Public Service. 7s. 1947	111	5.99

2: FOR INCOME ONLY

Holding Companies

	Price	Yield
Amer. Tel. Tel., Deb. 5s, 1960	102	4.87
North American Edison, Deb. 5s, 1957	99⅛	5.05
Columbia Gas & Elec., Deb. 5s, 1952	98½	5.11
Massachusetts Gas Co., 5½s, 1946	102	5.32
American Water Wks. & El., Coll. 5s, 1934	96¾	5.71
Continental Gas & El., Deb. 5s, 1958	86	6.04
Standard Gas & El., 6s, 1935	98¾	6.05

3: FOR INCOME AND PROFIT

Operating Companies

	Price	Yield
Texas Power & Light, 1st & Ref. 5s, 1956	96¾	5.23
Mountain States Pwr., 1st Ref. 5s, 1938	98	5.29
Montreal Tramways, Gen. & Ref. 5s, 1955 "A"	93	5.51
Jersey Central Pr. & Lt., Ref. "A" 5½s, 1945	99	5.60
Wisconsin Public Service, 1st Ln. & Ref. 6s, 1952	105	5.62
Northern States Power (Minn.), 5½s, 1940	99	5.62
Louisville Gas & El. (Ry.) Deb. "A" 6s, 1937	100¾	5.88
Northern Ohio Tract. & Lt., Gen. & Ref., 6s, 1947	100	6.00
Brooklyn Manhattan Transit, 6s, 1968	94	6.43
Altoona & Logan Valley El. Rwy. Guar., 4½s, 1933	82	10.08

4: FOR INCOME AND PROFIT

Holding Companies

	Price	Yield
Assoc. G. & El. Conv. 5½s, 1977	104¼	5.26
Federal Lt. & Tract., 1st Ln. 5s, 1942	96½	5.38
Amer. Pr. & Lt., Deb. 6s, 2016	105	5.70
Consol. Cities Lt., Pr. & Tr., 1st Ln. 5s, 1962	89½	5.72
Lehigh Pr. Sec. Corp., Deb. 6s, 2026	104	5.76
Amer. Water Wks. & El., Deb. 6s, 1975	103¼	5.79
Southeastern Pr. & Lt., "A" 2025 ex-warrants)	102	5.87
Standard Gas & El. Co., Deb. 6s, 1951	99⅞	6.02

FOREIGN BONDS

	Price	Yield
Montecatini Deb. 7s, 1937, w.w.	107	6.54
Inter. Power Sec. Coll. Trust D. 6½s, 1954	97½	6.71
Rhine Westphalia El. Mtge. 6s, 1952	90	6.86
Cuban Telephone 1st & Ref. 7½s, 1941	107½	6.96
Hamburg Elec. Deb. 7s, 1935	99½	7.10
Lombard Elec. 1st 7s, 1952 w.w.	98	7.18
Saxon Public Works 1st 7s, 1945	98¼	7.19
Berlin City Elec. Deb. 6½s, 1951	92¼	7.20
Meriondale Elec. 1st 7s, 1957	97½	7.21
Gt. Cons. El. Power Japan 1st 7s, 1944	98	7.22
Toho Elec. Power 1st 7s, 1955	97	7.26
Electric Power Ger. 1st 6½s, 1950	90	7.44
Cons. Hydro. Elec. of Up. Wuerttemberg 1st 7s, 1956	91¼	7.77
Italian Superpower 6s, 1963 Ex.w.	77¼	7.95

Preferred Stocks

5: FOR INCOME ONLY

Operating Companies

	Price	Yield
Cleveland El. Illuminating 6%	112	5.36
Dayton Pwr. & Lt. 6%	110	5.41
Blackstone Valley Gas & Elec. 6%	110	5.45
Consol. Gas of Baltimore "D" 6%	110	5.45
Wheeling Electric 6%	110	5.45
Pacific Gas & Elec. 6%	27	5.56
Mississippi River Power 6%	105	5.71
Los Angeles Gas & Electric 6%	104	5.77
Southern California Edison 6%	26	5.77
New Jersey Pwr. & Lt. $6	103	5.83
Southwestern Bell Telephone 7%	120	5.83
Metropolitan Edison "C" 6%	103	5.83
Kentucky Utilities 6%	103	5.83
Conn. Lt. & Pwr. 7%	119	5.88
Long Island Lighting 6%	101	5.94
Rochester Gas & Elec. "C" 6%	100½	5.97
California Elec. Generating 6%	99	6.06
Ohio Bell Telephone 7%	115	6.09
Fort Worth Pwr. & Lt. 7%	115	6.09
Kings County Ltg. "B" 7%	113	6.19
Alabama Pwr. Co. 7%	111	6.31
El Paso Elec. Co. (Del.) "A" 7%	111	6.31
Syracuse Lighting 7%	111	6.31
Toledo Edison "A" 7%	110½	6.33
Long Island Ltg. 7%	110	6.36
Southwestern Pwr. & Lt. 7%	110	6.36
Birmingham Elec. $7	110	6.36
Northern States Power 7%	109	6.42
Kansas Gas & Elec. 7%	108	6.48
Pacific Power & Light 7%	108	6.48
Minnesota Pwr. & Lt. 7%	107	6.54
Idaho Power 7%	107	6.54
New Orleans Public Service 7%	105	6.67
Iowa Railway & Light 7%	103	6.80

6: FOR INCOME ONLY

Holding Companies

	Price	Yield
Electric Bond & Share 6%	107	5.61
Columbia Gas & El. Corp. 6%	105	5.72
Public Service New Jersey 6%	104½	5.74
North American Co. $3	52	5.77
Philadelphia Co. $3	52	5.77
American Gas & Elec. $6	102	5.88
American Pwr. & Light 6%	101	5.94
Commonwealth Power 6%	101	5.94
Standard Gas & Electric $4	64	6.25
Indianapolis Power & Lt. 6½%	102	6.37

7: FOR INCOME AND PROFIT

Operating Companies

	Price	Yield
Georgia Railway & Pwr. 1st 7%	112	6.25
Adirondack Power & Light 7%	111	6.29
Central Illinois Public Service 6%	95	6.32
Virginia Elec. & Pwr. 7%	110	6.36
Pennsylvania-Ohio Pwr. & Lt. 7%	109	6.42
Ohio Public Service 7%	108	6.48
Appalachian Electric Power 7%	107½	6.51
Utah Power & Light 7%	107	6.54
Tennessee Electric Power 1st 7%	107	6.54
Arkansas Power & Light 7%	106	6.60
Penn-Ohio Edison 7%	104	6.73
Vermont Hydro-Electric Part. 7%	102	6.86
North Carolina Public Service $7	101	6.93
Pennsylvania-Ohio Electric 7%	101	6.93
Brooklyn-Manhattan Transit $6	86	6.98

8: FOR INCOME AND PROFIT

Holding Companies

	Price	Yield
Engineers Public Service Conv. 5%	95	5.27
Middle West Utilities $7	119	5.88
United Light & Power Conv. 6%	100	6.00
Cities Service Power & Light 6%	96	6.26
National Power & Lt. $7	107	6.54
Southeastern Power & Light $7	106	6.60
Electric Power & Light $7	101	6.93
International Utilities Corp. $7	98	7.14
Utilities Power & Light 7%	97	7.22

Common Stocks

9: OPERATING COMPANIES

	Price	Div. Dollars	Yield %
International Tel. & Tel.	85	2.00	2.35
Consolidated Gas	120	3.00	2.50
Cons. Gas El. Lt. & P. of Balt.	117	3.00	2.56
Brooklyn Union Gas	184	5.00	2.72
Detroit Edison	289	8.00	2.77
Peoples Gas & Coke	274	8.00	2.92
Commonwealth Edison	258	8.00	3.10
Southern California Edison	58	2.00	3.45
Pacific Lighting	84	3.00	3.57
Pacific Gas & Electric	61	2.00	3.85
American Tel. & Tel.	214	9.00	4.21
Western Union	186	8.00	4.30

10: HOLDING COMPANIES

	Price	Div. Dollars	Yield %
Electric Power & Light	68	1.00	1.47
National Power & Light	54	1.00	1.85
Public Service of N. J.	94	2.60	2.77
Standard Gas & Electric	109	3.50	3.21
Middlewest Utilities	185	7.00	3.79
Amer. Power & Light	124	1+4% stock	4.81
Elec. Bond & Share	106	6% stock	6.00
Assoc. Gas & Elec. "A"	54	10% stock	10.00
Util. Power & Light "A"	41	10% stock	10.00

·SERVICE·SECTION·

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4 Write name and address plainly.

INLAND STEEL

Thanks to your definite advice, I now have a profit of more than $3,000 on 100 shares of Inland Steel which cost me around 55. Shall I take this profit or continue to retain this stock? Are there any recent developments in the proposed merger with Youngstown Sheet & Tube which fell through early last year?—S. A. G., Selma, Ala.

Ranking as one of the strongest of the independent steel concerns and as the second largest steel manufacturer in the Chicago District, Inland Steel Co. is admirably situated for economical production and distribution of products. The company makes a widely diversified line of steel products and has the distinct advantage of marketing a large percentage of its output in Chicago and points within a radius of 100 miles from its plants. It is well situated as to raw materials such as iron ore and coal, having ore leases in Minnesota and Michigan and coal properties in Pennsylvania, West Virginia and Illinois, transportation of raw materials being aided by control of the Inland Steamship Co., operating on the Great Lakes. The company's already strong financial position was further strengthened during the 1928 year, and as the result of refinancing, capitalization is now represented by 1,200,000 shares of common stock, preceded by 30 million dollars of funded debt. Reflecting the higher level of activities in the steel industry as a whole, in conjunction with firmer steel prices, earnings last year established a ten-year record, being equal to approximately $7.78 against $5.16 a common share in 1927, based on the capitalization outstanding at the end of the respective years. Operations have been well maintained in the current year to date with the outlook distinctly favorable for months to come, thus indicating further expansion in net income in the full 1929 year. Proposed plans for merger with the Youngstown Sheet & Tube were abandoned in 1928 but it is currently rumored that negotiations have been resumed to include, in addition, Republic Iron & Steel, with prospects of meeting with final success. Possibilities along those lines add to the attractiveness of Inland Steel shares. Despite your tempting paper profit, we would counsel continued retention of the shares now held.

NATIONAL CASH REGISTER

Is National Cash Register a "buy" around its present price of 108? I know that the action of this stock has been quite volatile for the past several months but I am ready to purchase 20 shares if you approve. It is now selling 40 points below its high of March.—R. M. L., Natchez, Miss.

National Cash Register Co. ranks as the world's leader in its field making, in addition to eight basic types of cash registers (diversified over 600 styles), accounting machines, credit files and a number of specialty machines. A department is maintained devoted to research and invention of new machines and devices and the company recently entered the general field by acquisition of the Ellis-Adding Typewriter Co., manufacturer of a combination typewriter and adding machine, extensively used in banks, department stores and accounting departments, which latter holds forth promise of making important contributions to future income. Sales agencies are maintained throughout the United States, in addition to which the company has numerous foreign subsidiaries, expansion of the latter being particularly rapid. Comparative net earnings have shown consistent yearly expansion since the subnormal industrial year 1921, results in 1928 showing a balance equal to $5.21 a share on the combined class A and class B shares outstanding against $4.70 a share in 1927, followed by $1.15 a share in the first quarter of 1929. Early official estimates of profits for the full 1929 year are placed at a figure to equal

(Please turn to page 462)

When Quick Service Is Required Send Us a Prepaid Telegram and Instruct Us to Reply Collect

King Coal Tightens His Grip on Power

(Continued from page 430)

trillion tons of coal that hold in the bowels of the earth solar energy they absorbed when the world was young. Arrhenius even puts the energy of the winds in a single year at 275 times that of all the world's oil and as two-thirds that of all the world's coal. Growing plants are the only practical means we now have of recovering solar power, but the secret of vegetation may be found and applied more efficiently than nature works it, and the fierce heat of the sun as it beats upon the world may be collected and turned into power as it comes. But whether the world is doomed to collapse into barbarism and savagery for lack of energy or whether the applicable power of the sun is to surpass all present power sources, the prospect for America is good. If it is to be but a short time, as history is measured, until the curtain falls it will be a magnificent one, and if the sun age is to succeed the age of coal and oil we shall without doubt find ways to get our full share of power from the skies.

Ten Years Ahead in Communication

(Continued from page 434)

company obtains over others will continue to result from administrative skill or superior capital resources.

No more interesting field than communication has been developed in public utilities. It engages not only financial but intellectual interest. While Europe is perhaps technically ahead of the United States, in practical application the reverse is true. This field is one of much promise and capable of offering many lucrative surprises, as with the talking picture.

In ten years world gross capital involved will have moved from approximately six billions to twelve billion dollars. That period will see a steady growth of the large companies now organized, and closer working relations between them, though their field will undoubtedly be invaded by others. The same consolidation trends long familiar to railroading and to the steamship industry will be observed, both nationally and internationally, with a minimum of internal disputes, however, because the investment is too big and the stake too high to permit rate wars and spite fights.

John and Mary Find a New Investment Horizon

(*Continued from page* 415)

stock has advanced sixty dollars a share. If I sold now my capital would have appreciated three thousand dollars, whereas if left in the bank it would have appreciated by the addition of interest only. And I could sell and get my money any day.'

"When I asked him why he did not sell and clinch his profit he explained that if one has a Number One stock it is often wise to let it alone. If a tree is growing well don't pull it up, said our good friend."

Mary was shrewd enough to see a lot of common sense in the plan.

"Say, John," she said, "that sounds fine, and don't you think we should start at once on something like Joe's scheme? Here we have our home partly paid for, and future payments arranged. Can we not take our few thousands and invest in some gilt-edge securities? But first do try and get Joe to write down what he would advise as an investment plan for folk like us. It's hard for us to try out these new ideas for we have always had drilled into us to 'Quit not certainty for hope.'"

"I know just how you feel, sweetheart, but Joe seems to have combined the certainty and hope too."

A few days after this family conference Joe Critchett prepared the accompanying memo at their request, giving some advice to these "beginners." The seven suggestions were carefully read and always remembered. Then they set out on their great adventure—never departing from the principle of seeking safety instead of quick profits.

Financial Independence the Result of Systematic Saving

(*Continued from page* 413)

any one of the several other categories.

Our investment plan, then, meets the tests of a sound investment program. In Life Insurance there is attained a maximum degree of safety, aside from the protection it affords. Building and Loan, without sacrificing safety of principal, gives a satisfactory yield. Moreover, it is readily convertible into cash. Purchase of listed stocks holds the possibilities of appreciation, and, if wisely selected, should, over a period of time, bring closer Home Ownership.

New York Stock Exchange

RAILS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last sale 6/19/29	Div'd $ Per Share
A								
Atchison	200	161¾	204	182⅜	226¾	195⅛	218¼	10
Do Pfd.	106¾	99⅜	108½	102½	103⅞	99	102¼	5
Atlantic Coast Line	205½	174⅞	191½	157⅛	191¾	169	†187	‡10
B								
Baltimore & Ohio	125	106½	125⅝	103¾	133	115⅛	122⅝	6
Do Pfd.	83	73¼	85	77	80⅛	75	76	4
Brooklyn-Manhattan Transit	70⅞	53	77¾	53⅝	81⅞	60⅛	63¼	4
Do Pfd.	88	78⅛	95⅜	82	92⅝	83	†84⅞	6
C								
Canadian Pacific	219	165	253	195½	265⅞	218	229	10
Chesapeake & Ohio	218½	151¾	218¾	175½	230	195	220	10
C. M. & St. Paul & Pacific	19¾	9	40½	22¼	39⅞	27¾	31	..
Do Pfd.	37½	..	59⅝	37	63¾	46⅛	50¼	..
Chicago & Northwestern	97½	78⅜	94¼	78	94¼	80¼	83⅝	4
Chicago, Rock Is. & Pacific	116	63½	139⅝	106	139⅞	115	126	7
Do 7% Pfd.	111¾	102¾	111½	105	108¼	105¼	†105½	..
Do 6% Pfd.	104	95¼	105	99½	102⅞	98⅞	†97½	..
D								
Delaware & Hudson	230	171⅛	226	163¼	207¼	182	192½	9
Delaware, Lack. & West	173	130⅛	150	125¼	133¼	120¼	125	‡7
E								
Erie R. R.	69¾	39½	72½	48¾	81½	64	79⅛	..
Do 1st Pfd.	66¼	52⅜	63⅞	50	64¾	57	62½	..
Do 2nd Pfd.	64½	49	62	49¼	62	56	60	..
G								
Great Northern Pfd.	103⅞	79⅝	114¾	93½	115⅞	101	110	5
H								
Hudson & Manhattan	65⅞	40½	73½	50⅛	58⅜	34½	40⅛	2½
I								
Illinois Central	139⅜	121⅛	148¾	131¾	152	132½	137⅝	7
Interborough Rap. Transit	52⅛	30½	62	29	58⅜	22½	24¼	..
K								
Kansas City Southern	70¼	41¼	95	43	98⅞	78	92⅝	5
Do Pfd.	73½	64⅞	77	66½	70½	64¼	†65	5
L								
Lehigh Valley	137½	88½	116	84⅛	102¼	77¾	86	3½
Louisville & Nashville	159⅛	128⅜	159½	139⅜	153½	138½	142	7
M								
Mo., Kansas & Texas	56½	31⅛	58	30½	55	42½	47⅝	..
Do Pfd.	109⅛	95¾	109	101½	107½	102	104⅝	7
Missouri Pacific	62	37⅞	76¼	41⅞	96½	62¼	89	..
Do Pfd.	118⅝	90⅛	126⅞	105	138⅜	120	134⅝	5
N								
New York Central	171½	137⅛	196½	156	204¼	178½	199¼	8
N. Y., Chic. & St. Louis	240½	110	146	121¼	145	128⅛	142¼	6
N. Y., N. H. & Hartford	63¼	41⅝	82¾	54⅝	112½	80⅞	109⅜	4
N. Y., Ontario & Western	41¾	23¼	39	24	32	24	24⅜	..
Norfolk & Western	202	156	198½	175	224¾	191	223½	‡10
Northern Pacific	102⅛	78	118	92⅜	114¾	95⅛	103⅞	5
P								
Pennsylvania	68	56¾	76⅞	61⅞	83⅝	72⅛	79⅛	4
Pere Marquette	140½	114½	154	124⅞	174¾	148	†165	‡8
Pittsburgh & W. Va.	174	122½	163	121¼	148¾	125⅝	135	6
R								
Reading	123¾	94	119⅜	94¼	117½	101⅛	110½	4
Do 1st Pfd.	43½	40½	46	41½	44	41½	†43	2
Do 2nd Pfd.	50	43¾	59⅞	44	49¾	43¾	†44	2
S								
St. Louis-San Fran.	117¼	100¾	122	109	125	109½	117⅛	8
St. Louis-Southwestern	93	61	124⅛	67½	115¾	82	87¼	..
Seaboard Air Line	41¼	28⅛	30½	11⅝	21¾	12	12½	..
Do Pfd.	45⅜	32⅛	38	17	24½	16¼	17½	..
Southern Pacific	126⅞	106¼	131¼	117⅝	138¾	124	131	6
Southern Railway	149	119	165	139⅛	158⅜	138	142¼	8
Do Pfd.	101⅛	94	102¼	96⅝	99	93	94¾	5
T								
Texas & Pacific	103⅞	53⅞	194⅝	99½	181	155	154	5
U								
Union Pacific	197¾	159⅛	224⅞	186½	231	209	228½	10
Do Pfd.	85¾	77	87¼	82⅛	84⅜	81½	81½	4
W								
Wabash	81	40½	96¼	51	81⅜	60	68	..
Do Pfd. A	101	76	102	88½	104⅞	91½	†91	5
Do Pfd. B	98	65	99½	87	91	79	†78	..
Western Maryland	67⅞	13¾	54¾	31¾	54	32½	41⅛	..
Do 2nd Pfd.	67½	23	54⅞	33½	64½	56	†40	..
Western Pacific	47½	25⅛	38½	28¼	41⅞	32	33¾	..
Do Pfd.	76⅜	55	62⅛	52½	64½	56	58⅝	..

INDUSTRIALS AND MISCELLANEOUS

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last sale 6/19/29	Div'd $ Per Share
A								
Abitibi Power & Paper	150¼	83	85	36¼	54⅞	38⅛	43½	..
Abraham & Straus	118¾	62¼	142	90	159½	101	109	..
Advance Rumely	15¾	7⅝	65	11	104⅞	27	40	..
Air Reduction, Inc.	199½	134½	99⅝	59	149⅞	95⅛	147	3
Ajax Rubber, Inc.	13¾	7⅛	14⅜	7⅛	11¼	4⅛	5⅝	..
Allied Chemical & Dye	169¼	131	252¾	146	205¾	241	293	6
Allis Chalmers Mfg.	118¾	88	200	115⅛	223	166	216½	7
Amer. Agricultural Chem.	21½	8⅛	26	15⅝	23⅝	10⅛	13¼	..
Amer. Bank Note	98	41	159	74¾	134¼	110	131½	‡3
Amer. Bosch Magneto	26¾	13	44⅜	15⅜	73¼	40½	56	..
Amer. Brake Shoe & Fdy	46	35½	49⅛	39⅞	62	45	55¼	2.40
American Can	77⅝	43⅝	117½	70½	151⅛	107¾	143⅛	‡4
Amer. Car & Fdy	111	95	111½	88¼	106½	92	98	6
Amer. & Foreign Power	31	18⅞	85	22⅝	138⅞	75¼	105½	..
American Ice	32	25¾	46⅜	28	46	38	44¼	‡3
Amer. International Corp.	72⅜	37	150	71	76¼	52⅛	64¾	2
Amer. Metal Co., Ltd.	49⅜	36⅛	63¾	39	81¾	50	57½	3
Amer. Power & Lt.	73⅜	54	95	62¼	132	81⅛	128¾	1
Amer. Radiator & Stan, Sanitary	147⅞	110½	191½	130⅛	52⅝	40⅛	44	1½
Amer. Safety Razor	64⅞	42	74⅞	56	74¾	61	61¼	‡5
Amer. Smelting & Refining	188¾	132⅝	293	169	124¾	93⅛	103⅞	4
Amer. Steel Foundries	72¾	41⅛	70⅜	50⅛	79⅞	56	66	3
Amer. Sugar Refining	95¾	65⅛	93½	55	94¾	71½	77¾	5

Price Range of Active Stocks

INDUSTRIALS AND MISCELLANEOUS *(Continued)*

	1927 High	1927 Low	1928 High	1928 Low	1929 High	1929 Low	Last sale 6/19/29	Div'd $ Per Share
A								
Amer. Tel. & Tel.	185½	149¼	211	172	238½	193¼	215⅝	9
Amer. Tobacco Com.	189	120	184⅜	152	186½	160	170	8
Amer. Type Founders	146	119⅞	142¼	109⅞	155	136½	145½	8
Amer. Water Works & Elec.	72⅛	46	76½	52	144⅜	67¼	143	1
American Woolen	33⅜	16½	32⅜	14	27⅞	18	18½	..
Amer. Zinc, Lead & Smelt	10¼	5¾	57	6⅜	49¼	24¼	30⅛	..
Anaconda Copper Mining	60½	41¼	120¼	54	140	99	110	..
Armour of Ill. Cl. A	15⅞	8¼	23½	11¼	18⅜	10⅝	10⅞	..
Do Cl. B	9⅛	5	13½	6⅝	10¼	5⅝	5⅞	..
Arnold Constable Corp.	55½	21	51¾	35¼	40⅞	19¼	22	..
Assoc. Dry Goods	53⅝	39½	75½	40¼	70¾	43	48¼	2½
Atlantic, Gulf & W. I. S.S. Line	43½	30⅜	59⅞	37⅛	66½	32⅛	62¼	..
Atlantic Refining	131⅜	104	66½	50	72¼	53½	70	‡1½
Austin, Nichols & Co.	10¼	4¼	9¼	4⅜	10	5½	6⅛	..
B								
Galdwin Loco. Works	265¾	143⅛	285	235	271½	210	239	7
Barnsdall Corp. Cl. A	35½	20¾	53	20	49⅛	38⅛	40⅞	2
Beech Nut Packing	74¼	50¼	101¼	70⅜	101	73	83¼	3
Bethlehem Steel Corp.	66½	43¾	86⅜	51⅞	118⅝	82⅛	105⅛	4
Borden Company	169	167⅛	187	152	98	83⅛	89¾	3
Briggs Mfg.	36⅜	19½	63⅝	21⅛	63⅛	30¼	35	..
Bucyrus-Erie Co.	31	21½	48¾	24½	42¾	25⅛	29⅛	1
Burns Bros. new Cl. A Com	125¾	85½	127	93½	127	98	†97	8
Do new Cl. B Com	34¾	16¼	43⅜	15⅞	39	22⅝	†24	..
Byers & Co. (A. M.)	102¾	42	206¾	90½	192⅞	122¾	†135	..
C								
California Packing	79	60¼	82⅝	68½	81⅝	72⅛	75	4
Calumet & Arizona Mining	123½	61⅛	133	89	135	124⅛	129	10
Calumet & Hecla	24¾	14¼	47⅜	20⅛	61⅞	36⅝	42½	4
Canada Dry Ginger Ale	60⅛	36	86⅛	54⅞	90¾	78	87⅛	5
Cerro de Pasco Copper	72½	58	119	58½	120	88⅝	99¼	6
Chile Copper	44⅜	33⅛	74⅞	37⅜	127½	71⅜	72⅝	3½
Chrysler Corp.	63½	38⅛	140½	54¾	135	66	75¼	3
Coca Cola Co.	199½	96½	180½	127	140	120⅝	130½	4
Collins & Aikman	113⅜	86	111¾	44⅛	72¼	48	53¾	..
Colorado Fuel & Iron	96⅜	42⅝	84½	52½	78½	56	60	..
Columbian Carbon, V. T. C.	101¼	66⅞	134¾	79	176	121¼	170	‡4½
Colum. Gas & Elec.	98¾	82⅞	140⅞	89½	79¾	53½	77	2
Commonwealth Power	78¾	48⅝	110½	62¼	246	107¼	230	‡4
Congoleum-Nairn, Inc.	29¾	17¼	31½	22	35¾	19½	20¾	..
Congress Cigar	88½	47	87¼	67	92⅜	67	71	‡5¼
Consolidated Gas of N. Y.	125¾	94	170¼	74	125½	95½	124¼	3
Continental Baking Cl. A	74⅞	33½	53½	26½	84¼	47⅛	81¼	..
Do Cl. B	10¼	4	9⅜	3¾	14¾	8⅛	13¾	..
Continental Can, Inc.	86⅞	58¾	128⅞	53	80⅛	60	70⅛	2½
Continental Motors	13¾	8⅞	20½	10	28⅜	17	18⅛	.80
Corn Products Refining	68	46⅞	94	64⅜	101⅞	82	93⅛	‡3
Crucible Steel of Amer.	96¾	76½	93	69¼	98¾	85	96¼	5
Cuba Cane Sugar	10¾	4⅞	7½	4⅜	5½	1⅞	2¾	..
Cuban-Amer. Sugar	26½	18⅞	24¼	15⅜	17	11	14⅛	..
Cudahy Packing	58¾	43½	78¼	54	67⅞	49⅛	†50¼	4
Curtiss Aero. & Motor Co.	59¾	45⅛	192¾	53⅛	173½	135⅛	159	1
Cuyamel Fruit	55½	30	63	49	88¾	63	87¾	..
D								
Davison Chemical	48½	26¼	68¾	34⅜	69⅛	42⅞	49	..
Drug, Inc.	..	..	120⅛	80	126⅛	105	109¾	4
E								
Eastman Kodak Co.	175¼	126¼	194¼	163	194½	168	177½	‡8
Eaton Axle & Spring	29¾	21¼	68⅛	26	76¾	56	62	3
E. I. du Pont de Nemours	343⅞	168	503	310	198½	155¾	171	‡4½
Elec. Power & Light	32⅜	16½	49⅜	28¾	72¼	43⅛	69⅜	1
Elec. Storage Battery	79½	63¼	91⅛	69	92⅞	77	81	5
Endicott-Johnson Corp.	81¼	64¾	85	74¾	83⅜	68	69	5
Engineers Pub. Service	39⅝	21¾	51	33	60¼	47	56¼	1
F								
Federal Light & Traction	47	37½	71	42	109	68⅛	100½	1½
Fisk Rubber	20	14¾	17¾	8⅞	20⅛	7⅝	9	..
Fleischmann Co.	71⅛	46⅛	89⅜	65	87⅜	65⅛	83¾	‡3½
Fox Film Cl. A	85½	50	119⅝	72	101	80¾	85¾	4
Freeport Texas Co.	106½	34¼	109¼	43	54⅞	37¾	47¾	4
G								
General Amer. Tank Car	64⅜	46	101	60⅞	102	81	86	4
General Asphalt	96¾	65	94⅞	68	87⅜	61	81¾	..
General Electric	146⅝	81	221½	124	310	219	302	‡6
General Motors Corp.	141	113¼	224¾	130	91¾	68⅜	78½	‡3.30
General Railway Signal	153¼	82⅛	123⅝	84¼	118⅛	93½	115	5
Gold Dust Corp.	78¾	42	143¼	71	82	53⅛	61	2½
Goodrich Co. (B. F.)	96½	42¾	109¼	68½	105¾	73	79½	4
Goodyear Tire & Rubber	69⅜	48⅜	140	45⅛	154½	112	120¾	5
Graham-Paige Motors	..	..	61¼	16¾	54	25	34⅜	..
Granby Consol. Min., Smelt. & Pr.	45	31⅛	93	39⅛	102⅞	62⅛	77¾	7
Great Western Sugar	44⅝	35⅛	38½	31	44	32¾	35¾	2.80
Greene Cananea Copper	151½	29¼	177¼	89⅜	197⅝	136⅛	153⅝	8
Gulf States Steel	64	40	73⅞	51	79	55¼	60½	4
H								
Hershey Chocolate	40¼	37⅞	72½	30¾	95⅝	64	86½	..
Houston Oil of Texas Tem. Ctfs.	175	60⅛	167	79	109	70½	78½	..
Hudson Motor Car	91½	48¼	99⅞	75	93½	75⅛	85½	5
Hupp Motor Car	36¼	16	84	29	82	39½	47¼	2
I								
Inland Steel	62⅜	41	80	46	96⅞	78½	89	3½
Inspiration Consol. Copper	25½	12½	48⅞	18	66¾	38⅛	45⅛	4
Inter. Business Machines	119¾	53⅛	166⅜	114	198⅞	149⅜	198⅞	5
Inter. Cement	65⅜	45¼	94⅞	56	102¾	84½	84½	4
Inter. Comb. Eng. Corp.	64	40⅛	80	45¼	103½	54½	63¼	2
Inter. Harvester	255⅝	135⅜	97⅞	80	119¾	92	103¼	2½
Inter. Mercantile Marine	8¾	3½	7⅜	3¾	7¼	4	4½	..
Inter. Nickel (Canada)	89½	38¼	269½	73⅝	72¾	40½	48⅞	.80
Inter. Paper	81½	39⅛	86⅜	50	83	57½	†50	2.40
Inter. Tel. & Tel.	158⅞	122¼	201	139½	94⅜	78	87	2
J								
Johns-Manville	126	55⅛	202	96¼	242¾	152½	175	3
K								
Kelly-Springfield Tire	32¼	9⅛	25½	19¼	24	11	15¼	..
Kennecott Copper	90⅜	60	156	80⅛	104⅞	77⅝	84	5
Kresge Co. (S. S.)	77¼	45⅞	91¾	65	57½	44⅛	47⅜	1.60
Kroger Grocery & Baking	145	119	132¼	73¼	122½	75½	85⅛	1

New York Stock Exchange

INDUSTRIALS AND MISCELLANEOUS *(Continued)*

	1927		1928		1929		Last sale 6/19/29	Div'd $ Per Share
	High	Low	High	Low	High	Low		
L								
Lehn & Fink	43	32⅝	64⅞	38	68½	51	52	3
Liggett & Myers Tob	128	87½	122½	83⅛	105½	81⅛	83¾	‡5
Lima Loco. Works	76⅜	49	65⅞	38	55	42¾	51	..
Loew's, Inc.	63⅞	48⅞	77	49⅛	84½	48½	55⅝	2
Loose-Wiles Biscuit	57¼	35½	88¾	44¼	74⅝	56	62¼	2.60
Lorillard	47⅜	23½	46⅞	23¾	31½	20	26½	..
M								
Mack Truck, Inc.	118¾	88¼	110	83	114¾	91	99	6
Magma Copper	58¾	29½	75	43¾	82½	60	†68	5
Marland Oil	58½	31	49¾	33	47⅛	33⅛	34⅝	..
May Dept. Stores	90⅜	66¾	113½	75	108½	73½	74¼	4
McKeesport Tin Plate	..	..	78⅜	62½	82	62½	70	4
Mexican Seaboard Oil	9¼	3	73	4⅝	69⅜	36¼	39¼	..
Miami Copper	20¾	13⅛	33	17¾	54½	30⅛	41½	4
Mont. Ward & Co.	121½	60⅜	156½	115¼	156⅞	99	105¼	2½
Murray Body	43	16¼	124¼	21⅛	100⅞	62	94¼	3
N								
Nash Motor Co.	101⅞	60¼	112	80¼	118⅞	81⅛	84⅞	6
National Biscuit	187	94¾	195¼	159½	205	166½	188	‡6½
National Cash Reg.	51⅝	39⅞	104¾	47¼	148⅜	96	111⅜	4
National Dairy Prod.	68⅞	59¼	133½	64½	72⅞	62⅛	71	1½
National Enameling & Stamp	35⅜	19⅛	57⅜	23¼	62¾	43	†46	2
National Lead	202¾	*95	136	115	173	132	152½	5
National Power & Light	26¾	19¼	46⅝	21⅞	61⅜	42¼	55¾	1
Nevada Consol. Copper	20⅝	12¾	42⅜	17¾	62⅞	39¾	46½	3
N. Y. Air Brake	50	39¼	50½	39⅞	49¾	41½	46⅝	3
North American Co.	64½	45⅝	97	58⅝	134¾	90⅝	130	10% Stk.
O								
Otis Steel	12½	7¼	40½	10½	48⅜	37	40⅝	..
P								
Packard Motor Car	62	33¾	163	56¼	153¾	116½	130⅝	5
Pan-American Pet. & Trans	65⅞	40⅛	55½	38¼	63	40¼	54⅝	..
Paramount-Famous Lasky	115⅜	92	56⅜	47¼	72	55⅛	64½	3
Phila. & Reading C. & I.	47⅝	37⅜	39¾	27⅜	34	17⅜	19	..
Phillips Petroleum	60¼	36¼	53⅞	35¼	47	37¼	38	1½
Pierce-Arrow Cl. A	23⅝	9⅛	30⅞	18½	37⅞	27½	31⅝	..
Pillsbury Flour Mills	37½	30⅞	58⅞	32¾	63⅞	39⅛	45	2
Pittsburgh Coal of Penna	74½	32¾	78⅞	36⅛	83¾	54⅛	62	..
Postum Co., Inc.	126⅛	92⅝	136½	61⅜	81¾	62¾	74⅞	3
Pressed Steel Car	78¼	36½	33½	18	25⅜	15	17½	..
Public Service of N. J.	46⅞	32	83½	41½	100¾	75	99½	2.60
Pullman, Inc.	84¾	73¾	94	77⅞	91⅞	78	82⅝	4
Pure Oil	33½	25	31¼	19	30¾	23¼	27½	1½
R								
Radio Corp. of America	101	41⅛	420	85¼	114	68¼	83⅜	..
Remington-Rand	47¼	20½	36½	23⅛	35¾	28	34⅛	..
Reo Motor Car	26⅞	25½	35¼	22½	31⅞	22¼	23½	‡1.60
Republic Iron & Steel	75⅞	53	94½	49⅛	102½	79¼	93	4
Reynolds (R. J.) Tob. Cl. B	162	98⅛	165½	126	66	53	53½	2.40
Richfield Oil of Calif	28⅝	25⅜	56	23½	49⅝	39¾	41⅝	2
S								
Savage Arms Corp.	72½	43½	51	36¼	51⅞	38¼	40½	2
Schulte Retail Stores	57	47	67½	35¾	41½	20	20	..
Sears, Roebuck & Co.	91½	51	197½	82⅛	181	139¾	158½	2½
Shell Union Oil	31¾	24⅝	39⅜	23¼	31¾	25¾	27	1.40
Simmons Co.	64¾	33½	101⅜	55¾	116	75	92⅜	3
Sinclair Consol. Oil Corp	22¾	15	46¾	17⅜	45	35½	36½	‡2½
Skelly Oil Corp.	37¾	24⅛	42⅝	25	46½	32⅞	38⅝	2
Spicer Mfg. Co.	28⅞	20½	51⅝	23½	66¾	45	51	..
Standard Gas & Elec. Co.	66¾	54	84⅝	57⅞	124¼	80¾	123	3½
Standard Oil of Calif.	60¾	50⅜	80	53	81⅞	64	73½	‡3
Standard Oil of N. J.	41⅜	35⅛	59¾	37¾	62⅜	48	57	‡2
Standard Oil of N. Y.	34⅛	29¾	45½	28¾	45¾	38	39	1.60
Stewart-Warner Speedometer	87½	54¼	128⅛	77¼	77	65	70⅞	3½
Studebaker Corp.	63⅛	49	87½	57	98	73⅛	76	5
T								
Texas Corp.	58	45	74¾	50	68½	57¼	61½	3
Texas Gulf Sulphur	81⅜	49	82½	62⅛	85¼	70¼	72⅛	4
Texas Pacific Coal & Oil	18⅞	12	26⅝	12⅛	23⅞	16	18	5
Tide Water Assoc. Oil	19⅛	15⅜	25	14¾	23½	17½	20¼	..
Timken Roller Bearing	142½	78	154	112⅝	96	73½	94⅜	3
Tobacco Prod. Corp.	117⅝	92¾	118⅛	93	22⅛	14½	15⅛	1.40
Transcontinental Oil	10⅜	3¾	14½	6¾	14¼	9	10⅝	..
U								
Underwood-Elliott-Fisher	70	45	93⅞	63	133¾	91	131	4
Union Carbide & Carbon	154½	99⅛	209	136⅛	95⅜	75¼	93⅛	2.60
Union Oil of California	56⅛	39⅝	58	42¾	54½	46	47¼	2
United Cigar Stores	38⅛	32⅜	34⅝	22⅞	27½	17	17¼	1
United Fruit	150	113½	148	131⅛	158½	109⅝	122	4
U. S. Cast Iron Pipe & Fdy	246	190½	53	38	55⅞	27	33	2
U. S. Industrial Alcohol	111½	69	138	102⅛	187	128	182¼	6
U. S. Rubber	67⅛	37¼	63¼	27	65	42	50¾	..
U. S. Smelting, Ref. & Mining	48⅞	33⅜	71½	39½	72⅞	48	55	3½
U. S. Steel Corp.	160½	111⅜	172½	132⅜	186	163	176	7
V								
Vanadium Corp.	67⅛	37	111½	60	116½	68	82½	‡4
W								
Warner Bros. Pictures	45½	18¼	139¼	80⅞	134	97	115	..
Western Union Tel.	176	144½	201	139½	220¾	179¾	193	8
Westinghouse Air Brake	50½	40	57⅜	42⅛	54½	43¼	46½	2
Westinghouse Elec. & Mfg	94¾	67⅝	144	88⅛	171¾	137½	167⅞	4
White Motor	58⅜	30¼	43¾	30¼	53½	38	41⅛	1
Willys-Overland	24¾	13½	33	17¾	35	20	22¼	1.20
Woolworth Co. (F. W.)	198½	117¾	225¾	175½	232¼	192⅛	219¾	6
Worthington Pump & Mach	46	20½	55	28	64½	43	49¾	..
Wright Aeronautical	94¾	24½	289	69	149½	109	122	2
Y								
Youngstown Sheet & Tube	100½	80⅛	115⅝	83⅛	138½	105	136¼	5

* Ex-dividend. † Bid Price. ‡ Partly Extra.


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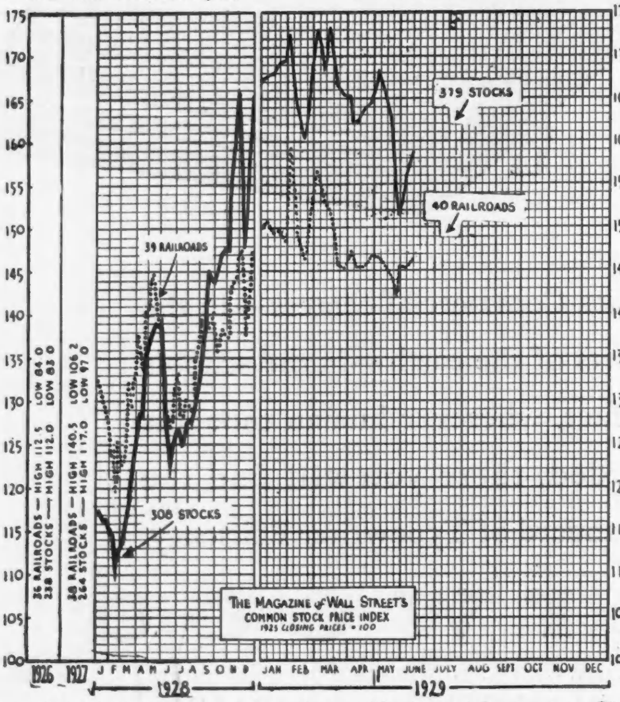
THE MAGAZINE OF WALL STREET'S
COMMON STOCK PRICE INDEX
(1925 Closing Prices =100)

Number of Issues in Group	Group	1929 Indexes (379 Issues) High	1929 Indexes (379 Issues) Low	Recent Indexes June 8	Recent Indexes June 15	1928 Indexes (308 Issues) Close	1928 Indexes (308 Issues) High	1928 Indexes (308 Issues) Low
379	COMBINED AVERAGE	173.1	151.3	155.8	158.9	165.4	166.0	109.2
40	Railroads	159.1	142.1	145.2	146.5	147.1	148.9	119.5
3	Agricultural Implements	655.4	378.2	416.4	432.7	513.2	513.2	280.5
8	Amusement	268.0	216.7	225.0	222.9	253.8	262.9	98.3
15	Automobile Accessories	212.6	176.9	182.6	188.5	190.2	190.2	86.4
18	Automobiles	134.9	101.3	104.5	104.0	133.5	133.5	79.0
2	Aviation (1927 Cl.—100)......	327.1	264.5	274.1	287.7	284.4	(Begun	1929)
3	Baking (1926 Cl.—100)	95.5	73.4	85.0	85.4	82.3	82.9	51.5
2	Biscuit	237.7	198.6	208.3	213.5	225.2	242.4	169.7
4	Business Machines	284.1	234.1	266.0	275.0	235.0	235.0	153.7
2	Cans	226.5	177.7	208.0	212.1	177.7	181.4	117.2
7	Chemicals & Dyes............	289.9	221.7	273.6	289.9h	221.9	(Begun	1929)
2	Coal	124.0	90.3	82.9	89.7	120.2	120.3	81.8
14	Construction & Bldg. Material	141.3	116.6	118.1	121.4	136.9	136.9	94.4
15	Copper	391.5	284.6	297.9	311.6	299.6	299.6	159.8
3	Dairy Products	130.5	109.8	124.4	130.5h	120.4	132.5	68.1
7	Department Stores	86.5	62.1	63.4	64.6	86.5	89.5	62.9
10	Drugs & Toilet Articles	199.2	166.9	166.9 l	175.9	196.0	201.9	157.2
5	Electric Apparatus	237.1	183.5	231.2	237.1H	183.5	183.5	125.6
3	Fertilizers	121.4	65.8	68.3	68.0	106.4	116.3	78.4
2	Finance Companies	207.8	161.4	163.8	161.4 l	178.5	(Begun	1929)
4	Furniture & Floor Covering...	197.5	143.3	147.1	152.0	185.0	185.0	110.2
5	Household Appliances	110.8	88.3	90.7	92.3	110.8	113.3	87.5
3	Investment Trusts	374.3	154.4	296.1	374.3h	154.4	(Begun	1929)
3	Mail Order	418.6	309.0	324.4	324.0	418.6	426.5	147.9
4	Marine	93.7	74.7	75.9	75.1	77.4	96.5	66.8
2	Meat Packing	104.4	70.9	72.4	70.9 l	104.4	(Begun	1929)
40	Petroleum & Natural Gas.....	172.3	143.8	161.7	157.6	164.4	182.6	86.1
5	Phon'phs & Radio (1927—100)	371.1	248.9	252.9	248.9 l	290.0	(Begun	1929)
17	Public Utilities	281.0	213.3	265.5	281.0H	215.5	215.5	127.9
10	Railroad Equipment	131.4	117.5	125.5	124.4	127.6	128.9	112.1
3	Restaurants	148.2	119.3	142.8	148.2h	131.0	138.1	89.8
2	Shoe & Leather..............	178.3	132.8	136.0	142.5	176.2	231.4	138.3
2	Soft Drinks (1926 Cl.—100)...	226.6	206.9	218.5	226.6h	208.6	214.0	152.9
13	Steel & Iron................	153.9	133.3	138.7	144.9	138.8	143.4	86.3
6	Sugar	81.6	60.9	60.9L	62.7	78.7	93.7	72.8
2	Sulphur	295.2	242.5	250.7	265.5	286.9	386.9	251.6
3	Telephone & Telegraph........	183.4	150.1	169.8	169.6	150.1	150.1	120.8
6	Textiles	128.5	97.4	100.4	99.6	122.8	123.8	78.6
8	Tire & Rubber...............	111.4	71.4	75.7	75.3	104.0	104.0	61.5
11	Tobacco	184.6	150.3	153.9	151.5	180.9	195.0	167.8
5	Traction	140.4	88.5	90.4	88.5 l	126.6	150.4	103.8
2	Variety Stores	128.0	110.9	114.1	115.0	124.4	126.8	98.0

H—New HIGH record since 1925. L—New LOW record since 1925.
h—New HIGH record this year. l—New LOW record this year.



(An unweighted Index of weekly closing prices specially designed for investors. The 1929 Index includes 379 issues, distributed among 42 leading industries, and covers about 90% of the total transactions in all Common Stocks listed on the New York Stock Exchange. It is compensated for stock dividends, rights and assessments and reflects all important price movements with a high degree of accuracy. Our method of making annual revisions in the list of stocks included, renders it possible to keep the Index abreast with evolutionary changes in the market, without impairing its continuity or introducing cumulative inaccuracies.)

Securities Analyzed, Rated and Mentioned in this Issue

BONDS

PETROLEUM

MINING

RAILROADS

PUBLIC UTILITIES

INDUSTRIALS

Important Corp. Meetings

Company	Specification	Date of Meeting
Allis-Chalmers Mfg.	Dividend	7-5
American Brown Boveri Electric	Directors	7-5
American Cigar	Com. Div'd	7-3
American Express	Directors	7-2
Amer. La France & Foamite	Com. Div'd	7-2
Amer. Superpower Corp	Directors	7-3
Amer. Water Works & Elec	Com. Div'd	7-3
Atlas Powder	Pfd. Div'd	7-3
Brooklyn City R. R	Directors	7-2
Brown Shoe	Pfd. Div'd	7-2
Central Public Service Co	Directors	7-2
Cerro de Pasco Copper Corp	Div'd	7-2
Certain-teed Prod. Corp	Directors	7-3
Cluett, Peabody & Co., Inc	Com. Div'd	7-3
Endicott-Johnson Corp.	Directors	7-1
Exchange Buffet Corp	Dividend	7-2
Federal Light & Traction	Directors	7-3
General Electric	Directors	7-5
Lehigh Valley R. R	Directors	7-3
Loose-Wiles Biscuit	Directors	7-1
Maytag Co.	Directors	7-2
National Dairy Prod. Corp	Directors	7-5
Radio Corp. of Amer	Directors	7-5
Reynolds (R. J.) Tobacco	Directors	7-5
Richfield Oil	Com. Div'd	7-3
Simms Petroleum	Directors	7-5
Southern Dairies, Inc	Directors	7-2
Southern Dairies, Inc	Annual	7-3
Spiegel, May, Stern	Pfd. & Com. Div'd	7-3
Stewart-Warner Speed. Corp	Directors	7-5
Virginia-Carolina Chem	Directors	7-3

Answers to Inquiries

(Continued from page 452)

around $6 a share on both classes of stock. The high price levels of the class A stock prevailing earlier this year were accompanied by rumors of the possibility of the company becoming engaged in important merger negotiations but there have been no definite developments along that line to date. Financial position is strong and we are optimistic regarding the company's long term future. However, on the basis of developed earning power to date and visible prospects the class A shares seem attractive more for the longer pull holding than near term possibilities. It would seem advisable to confine fresh commitments to recessions.

CORN PRODUCTS REFINING

In your opinion, is Corn Products likely to participate in the gigantic food merger that seems pending? Aside from its merger possibilities, I would also like to know what you think of the outlook for this stock. I have a profit of about ten points on 50 shares but don't want to sell if the stock is on the verge of a real upward move. I shall be guided by you as heretofore.—P. R. M., Bloomington, Ill.

Corn Products Refining Co., ranking as the leading producer of starch, glucose, corn, oil and syrup, confined its business in earlier years chiefly to bulk goods, but subsequently specialties were developed with success, its best known trademarks now being "Argo" and "Linit" starches, "Mazola" oil, "Karo" syrup and "Cerelose" sugar. Profits have been subject to some fluctuation over a period of years, but results in the ten-year period ended with 1928 averaged $3.49 a common share annually, based on the 2,530,000 shares now outstanding, with net in 1928 equal to $4.35 a share against $3.50 in 1927, followed by $1.18 a share in the first quarter of 1929 compared with 90 cents a share in the same period of 1928. With price levels of finished products well maintained, together with existing comparatively low prices of corn (the company being a large consumer of the latter), in conjunction with normal expansion, of which foreign business is an important factor, promise is held forth that results in the full 1929 year will show a material gain over last year. Financial position is impressive, latest balance sheet showing current assets of over $57,600,000 (of which cash and its equivalent aggregated about 40 million dollars) against current liabilities of only 7 million dollars, leaving $50,600,000 net working capital. Under the guid-

ance of a capable management, and with the company's large resources, there seems no serious bar to future material expansion, both in scope of operations and earning power, which may be expected to be accomplished without recourse to new financing. While the common shares appear to best advantage in the light of longer range possibilities, we are confident further patience will bring its own reward. There seems no present indication that the company will become involved in recently rumored merger negotiations looking toward the formation of a huge new food combine.

TRANSCONTINENTAL OIL

Do you consider Transcontinental Oil common a good speculation? With the prospect of definite steps being taken to conserve resources and curtail production, I have been reliably informed that oil stocks offer excellent profit possibilities around current levels. I lean toward Transcontinental because of its low price and the fact that it once sold as high as 60.—B. C. G., Covington, Ky.

Transcontinental Oil Co., equally with the Mid-Kansas Oil & Gas Co. (a subsidiary of Ohio Oil Co.) owns a substantial interest in the Yates Pool in Pecos County, Texas, on which 52 producing wells were completed in 1928, making a total of 102 at the end of that year. Due to the lack of adequate transportation facilities, production has been restricted to less than 2% of the potential found by proration committee as of February 1st, 1929, which was 2,343,000 barrels daily or more than 50% of the total for the pool. Despite this restriction the company's 1928 production reached a daily average of 15,943 barrels compared with 5,391 for 1925. The company owns extensive acreage or leases in other regions and increased its holdings in 1928 by obtaining leases on several thousand acres in the Mid-Continent-Texas field and more than 100,000 acres in Louisiana, Arkansas and New Mexico. In addition, through 85% stock ownership in Colombia Oil & Development Co. Transcontinental controls a 35% profit interest in properties in Roumania upon which operations are being conducted by a subsidiary of the Standard Oil Co. of New Jersey. Additional leases are held covering 1,583,000 oil and gas lands in South America and about a one-half interest, through a subsidiary, in 2,075 acres in Patantla Region of Mexico. Production costs in the Yates Pool area are relatively low, and with the gradual installation of carrying facilities, the company seems destined to enjoy future substantial expansion in earning power, despite production restriction measures in the petroleum industry as a whole. Financial position is comfortable and

the proposed rearrangement of capital structure may be expected to bring common dividends several stages nearer. Moreover, the recent advent of important new interests in the company's affairs forms an added basis for optimism regarding the longer term future. As a speculation of the more radical type, the common stock is not without a degree of merit.

MOTHER LODE COALITION MINES

Is the forty-cent annual dividend now being paid on Mother Lode stock reasonably secure? This stock is now selling for almost half what I paid for my 100 shares which I bought in February. Would you advise averaging.—M. M. C., Greeley, Colo.

With total sales of copper of 17,900,860 pounds in 1928, at an average price of 14.887 cents a pound and 80,663 ounces of silver at an average of 56.474 cents an ounce, Mother Lode Coalition Mines Company reported net income, before depreciation and depletion, of $1,036,849, equal to about 41 cents a share on 2,500,000 shares outstanding against a profit equal to approximately 47 cents a share in 1927. At latest report developed unmined ore reserves indicate a life of from three to four years on the basis of current production and a change of one cent a pound in the market price for copper would affect net income of the company to the extent of around $120,000, the latter equal to less than 5 cents a share. Exploration work was continued throughout 1928 with no new ore bodies discovered, and until activities along that line succeed, the company can only be regarded in the light of a liquidating proposition and dividends a return of capital. The shares appear unattractive and, frankly, we see little incentive to retain present commitments, much less undertake fresh purchases.

FAIRBANKS, MORSE

Can you tell me what is retarding the market action of Fairbanks, Morse Common? It seems to me that this stock paying an annual $3 dividend and with estimated earnings for 1929 in excess of $5 should sell around 60 instead of today's price of 41. I have 200 shares for which I paid 49.—M. C. F., Kearny, N. J.

Fairbanks, Morse & Co. in its present form is an outgrowth of a business originally established upward of 70 years ago and gained early prominence in the industrial field as a manufacturer of the well known "Fairbanks Scale." It also produces a diversified line of internal combustion engines, including Diesel engines, adaptable for all purposes except automobiles. Other products are pumps, railroad motor cars, dynamos, windmills, etc. Earn-

ings followed a downward tendency in the three-year period ended with 1927, followed by encouraging improvement in 1928, when net was equal to $4.52 a common share against $3.08 a share in 1927. Profits in the first quarter of 1929 were practically unchanged from the same period of 1928, being equal to 77 cents a share, but unfilled orders increased approximately 2 million dollars during the period, which should find due favorable reflection in net in later months, giving rise to the likelihood that profits in the full 1929 year will compare favorably with last year. Moreover, the company stands to benefit from the profitable development of its new Diesel engine, now being marketed, and which is understood to have met with favorable reception. Latest balance sheet reveals a comfortable financial position, and common dividends at the annual rate of $3 a share do not seem in immediate danger. The shares seem reasonably priced at existing levels, and while apparently offering limited near term possibilities of appreciation, commend themselves on an income basis, with favorable possibilities of enhancement in quoted value over the longer term. We do not recommend a sacrifice sale at this time

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CONTINENTAL CAN

Continental Can has been recommended to me by a conservative house but before investing in this stock I should like to have your opinion. Is a dividend increase in prospect?—D. C. I., Davenport, Iowa.

Ranking second to the American Can Co. as a producer of tin containers, Continental Can Co., through numerous acquisitions and extensive plant improvements has greatly expanded its scope of activities in recent years, so that facilities now extend to all sections of the country, accompanied by more satisfactory diversification of output. Net income gained 50.7 per cent in 1928, being equal to $4.22 a common share, based on 1,459,991 shares, against $7.21 a share on 540,000 shares in 1927, the increased number of shares being brought about by a 100 per cent stock dividend distributed to shareholders in Novemebr last year, together with additional shares sold to stockholders and employees and issued incident to the acquisition of new properties. Upon completion of two new plants now under construction, the company's capacity is expected to be doubled. Giving due consideration to the fact that the full benefits ultimately to be derived from newly acquired plants were not wholly reflected in 1928 income and with the outlook for an exceptionally active canning season, indications point to a further substantial increase in profits for the full 1929 year. Financial position is comfortable,

and in view of the ample margin by which common dividends at the annual rate of $2.50 a share are currently being covered, a higher disbursement could be supported, but action in that connection is likely to await further progress in the company's present expansion program. On the basis of current income yield, the shares are not especially attractive, but that is offset to an appreciable extent by prospects of price appreciation over the longer term.

PITTSBURGH COAL

Would you advise holding 100 shares of Pittsburgh Coal common purchased last year at 75¼? My paper loss is over $1,000. I have read, however, in several newspapers that this stock is slated for a substantial move soon. What is your opinion?—J. P. C., Johnstown, Pa.

Pittsburgh Coal Co. is the second largest bituminous coal producer and controlled, at the close of 1928, about 168,000 acres of unmined coal in five districts in Pennsylvania, Ohio and Eastern Kentucky. Through placing operations on an open shop basis and reduced production costs by closing high cost producers and modernizing facilities an operating deficit of $2,115,000 in 1926 was reduced to $1,880,000 in 1927 and $494,000 in 1928, with profits in the final quarter last year of $487,100, the latter just falling short of dividend requirements on the 6 per cent preferred for the three months' period ended December 31, 1928. Reflecting the high levels of general business activity in the earlier months of the current year, particularly in the iron and steel industry and larger demand from railroad and public utility sources, it is likely that the improvement registered in the closing months last year was continued in the first quarter of 1929. However, it appears that aggregate production in the bituminous industry as a whole has been stepped up to a point not wholly warranted by evidence of continued demand which has resulted in some restriction of output. That factor, together with an unsatisfactory price situation and a continuation of exceedingly keen competitive conditions, is likely to retard profits in coming months. Financial position of the company was materially strengthened early this year through sale of $20 millions 6 per cent debenture bonds, the proceeds of which were used to retire close to $2 millions outstanding debenture bonds and for the payment of indebtedness incurred in modernizing plants, for improvements and for other corporate purposes. In late 1928 rumors were current of the possibility of the company disposing of a portion of its coal properties permitting it to retire the outstanding $35 millions preferred

stock, but there have been no definite developments along that line to date. While the company is in a strong competitive credit position, difficulties in the industry as a whole seem too far reaching to be easily solved, and it is evident the common stock can be held only in the light of a speculative venture.

PURITY BAKERIES

Will you please write me a detailed letter concerning the nearby outlook for Purity Bakeries common? I have 25 shares which cost me 132 a share in March. Now that the preferred has been redeemed isn't the common likely to advance?—P. H. B., Hagerstown, Md.

Ranking among the largest and most rapidly growing bread baking concerns, Purity Bakeries Corp. has expanded recently into specialty baking as well as into the retail distributing field The company has 53 baking plants and since taking over Cushman's Sons, Inc., with its 200 retail stores, has added approximately 50 stores, mainly in Chicago, is now entering Philadelphia with a chain of stores and plans expansion in a similar manner in Boston. Following recapitalization about a year ago and retirement of the outstanding preferred earlier this year, capitalization is now represented by $8,737,500 funded debt and 804,856 shares of no par common stock. Continuing the rapid growth witnessed since the formation of the company in 1924, results from operations in the 16 weeks ended April 20, 1929, show a balance equal to $1.70 a share against 96 cents a share in the same period of 1928, based on present capital structure, and $5.95 a share in the full 1928 year. However, while financial position is strong, pending further progress of the company's present ambitious expansion program, action is likely to be deferred regarding an upward revision in dividends over the $3 a share annual rate now prevailing, although occasional stock dividends are possible and the creation of valuable rights as new funds are needed for development purposes. On the basis of developed earning power to date and visible prospects, the shares appear to best advantage in the light of long range possibilities, but for those willing to retain over a period of time, while ignoring temporary market price fluctuations, the results achieved should warrant holding.

RADIO

I am considerably worried by a paper loss of over $1,500 which I have on 50 shares of Radio common. Shall I continue to hold on? Have any steps been taken in the proposed merger with International Telephone & Telegraph? If this consolidation is effected, I look for another bullish move in Radio to get underway.—F. C. R., Findlay, Ohio.

Established earning power of Radio Corp. forms little basis for judging the merit of the common stock, inasmuch as main efforts to date have been devoted to an extensive development program, resulting in the company now occupying a position of undisputed leadership in radio communication and manufacturing field. Although the company does not manufacture radio sets, it controls extensive patent rights in the manufacture of sets, deriving substantial royalties from use of these patents by independent manufacturers. Its scope of activities has been greatly widened by the acquisition of Victor Talking Machine. Financial position is strong, the enterprise is now firmly entrenched in many fields centering about the radio and amusement industries, and the development stage has progressed to a point where substantial profits are beginning to accrue. It is generally understood that tentative plans virtually have been worked out looking toward acquisition by International Telephone & Telegraph Corp. of communication services of Radio Corp., under the terms of which Radio would receive a substantial stock interest in International Telephone, and the agreement, when completed, will be forwarded to the Department of Justice for its consideration and action A strong argument appears to exist in favor of approval, and there seems to be at least an even chance of the merger eventually coming to pass. Present prices of Radio common discount favorable progress some distance ahead, but in view of well defined prospects of future substantial expansion, both in scope of operations and earning power, we are confident patient shareholders will be well rewarded.

A World Bank Is Born

(*Continued from page 390*)

Central European Society held a meeting in Brussels in 1912 in the course of which the resolution was passed to urge the Central Banks to help in the establishment of a World Bank with a centralized gold treasury. The war put a stop to these plans.

But even before that the question was raised, could such a bank become a reality, a successful reality? Skepticism towards this idea was certainly justified. Movements of gold or bills of exchange are not caused by influences from without, but from within. They are disturbances in the economic

(*Please turn to page 471*)

Bank, Insurance and Investment Trust Stocks

Quotations as of Recent Date

NATIONAL BANKS	Bid	Asked
Bank of America, N. A. (4.50)	236	241
Chase (18A)	985	995
City (4A) new	374	379
First (N. Y.) (100A)	6400	6475
Park (new) (4)	175	180
Seaboard (16)	955	975
TRUST COMPANIES		
Irving Trust (1.60) new	73⅛	74⅛
Bankers (new) (3)	163	167
Bank of N. Y. & Trust Co. (20)	885	905
Brooklyn	1135	1150
Central Hanover	362	388
Chatham & Phenix (16)	825	835
Chemical (new)	112	117
Corn Exchange (new)	182	186
Empire (16)	640	650
Equitable (12)	640	650
Farmers' L. & T. (20)	1840	1870
Guaranty (16)	918	925
Manufacturers (6)	217	282
New York (new) (5)	325	330
Public (new) (4)	238	242
United States Trust (70)	4500	4700
STATE BANKS (NEW YORK)		
Manhattan Co. (16)	838	848
State (18)	300	...
United States (units) (6)	196	201
INSURANCE COMPANIES		
Aetna Fire (20)	690	715
Aetna Life (12)	1200	1225
Fidelity-Phenix (2)	96	98
Continental (1.60)	55	59
Glens Falls (1.60)	65	68
Globe & Rutgers (24)	1390	1415
Great American (1.60)	41	43
Hanover (1)	79	81
Hartford Fire (24)*	1010	1030
Home (20)	560	570
Carolina (1.40)	38	43
National Fire (25)*	850	875
Niagara (4)	184	188
North River (3.50)*	420	435
United States Fire (2.40)	125	135
Stuyvesant (6)	390	415
Travelers (24)*	1970	2000
Westchester (2.15)* new	75	79
SURETY AND MORTGAGE COMPANIES		
American Surety	155	160
National Surety (10)	110	120
Lawyers Mortgage (2.80) new	64	67
Mortgage Bond (8)	185	195
N. Y. Title & Mtge. Co.	64	66
JOINT STOCK LAND BANKS		
Chicago	8	16
Dallas (8)	95	110
Des Moines	6	14
First Carolina	12	25
Lincoln (4)	50	65
Southern Minnesota	5	10
Virginia (B)	1	2
INVESTMENT TRUST SHARES		
American Founders Trust com.	107	109½
Do 6% Pfd.	45	48
Do 7% Pfd.	50	53
Diversified Trustees Shares	26¼	27
Do Series B	23⅝	24⅜
Financial & Industrial Sec. com.	...	...
Do Pfd.	...	...
Fixed Trust Shares A	22¾	23½
Insuranshares, B 1928	21½	23
Interl. Sec. Corp. of Amer., B	31	34
Do A	59	62
Do 6% Pfd.	89¼	93¼
Oil Shares, Inc. (units)	66	72½
Second Intl. Securities	50	54
Do 6% Pfd.	43	46
Shawmut Bank	42	45
U. S. & British Internl. A	16	...
U. S. Shares, Series A-1	13⅝	15⅛
Do Series A	14¼	...

(A) Including div. wherever paid by Securities Companies in some cases. (B) Par $5. * Including extras.

FAVORABLE earnings reports, several dividend increases and, last but by no means least, mergers consummated and projected among some of the largest banking institutions have all aided to sustain quotations for bank stocks. The most recent consolidation as this is written is the *Chase National Bank* and *National Park Bank* merger, which creates an institution with aggregate resources of over $1,700,000,000. The securities subsidiary of Park will be taken in with Chase Securities Corp., which from the standpoint of diversified investment activities including underwriting and distribution of new financing is already one of the most important institutions of its kind.

Mergers and consolidations during the past six months or so have created banking institutions which from the standpoint of size are now at a point which seemed inconceivable a few years ago. The new Chase acquisition brings its resources up to approximately the same figure as *Guaranty Trust*, after the acquisition by the latter bank of *National Bank of Commerce*. *National City Bank* still remains the largest commercial banking institution in the United States with resources now in the neighborhood of $2,000,000,000.

This tendency, however, is by no means confined to the bank field. Insurance companies have been equally as active in extending the "fleet" idea, which through the close affiliation of large underwriting companies seeks to accomplish the same ends that are sought in bank mergers. The elimination of competition, the gathering of investment resources that enables them to undertake financial operations of wider scope and the ultimate operating economies through consolidation are prominent factors with each one of the two groups of financial institutions. The proposed acquisition of *Fidelity and Casualty* and *Niagara* by the "*America Fore*" group has heightened interest of investors in the insurance company shares as it is thought to be the forerunner of similar action by other companies. There is no question but that the growth of the large companies in the insurance field will be along the lines of expansion of the "fleet" plan.

(Continued from page 468)
structure of the different countries that is, they are the consequences of a definite policy in the home market (a point discussed in the writer's recent article, "World Scramble for Gold"). Looking upon this problem from another angle we will find that to enable the bank to balance the international payments so that only small and negligible book balances remain, the bank must be vested with the authority to dictate to the Central Banks. That would indeed be an absolute financial imperialism, and it is very doubtful that our Federal Reserve Bank or the Bank of England would stand for it.

Our most recent financial history provides us with a very good example of what has been said above. From July, 1927, to Summer, 1928, we lost about $600,000,000 in gold to Europe. At that time Europe had very high rediscount rates and suffered from a very pronounced credit stringency. At the same time we maintained an extremely low rediscount rate and had large surplus of capital seeking profitable employment in vain in the home market. Therefore, our gold emigrated to Europe.

The same thing would have happened if the new bank had then functioned as World Bank or World Clearing House, because it could not have done otherwise, since the cause for the existing situation was one of home policy of the different countries. Only if the bank were to possess sufficient influence to remove the cause could the bank fulfill its intended purpose to stabilize gold movements. But these causes are solely identified with the discount policies of the individual countries and cannot be reached therefore by the influence of the international bank.

It is quite possible that the leaders of the bank will disregard these fundamental obstacles, which might be suppressed for a short period, only to reappear in a more ruinous form, but it is highly improbable that they will find a way to circumnavigate the rocks of unflexible economic laws.

The International Bank of Settlement as a Finance Institution is quite a different proposition. Here we deal with visible and tangible factors. The basic idea for the promulgation of this part of the new bank is born out of good business sense and excels through the absence of hostile sentiment against Germany, something that could not be said quite as emphatically of the Dawes Plan machinery.

A country obliged to make huge payments without receiving equities can do so only through a surplus of exports over imports, if the country does not want to become over-burdened with debts. The logical consequence of this thought was to help Germany

BONDS CALLED FOR REDEMPTION

Company		Maturity	Amount	Price	Redemption Date
Anderson Gas & Utilities 1st..........	6%	1948	$88,000	102	July, 1929
Bethlehem Steel, Cornwall P. M......	5½%	1939	$92,000	100	July, 1929
Canadian Steel F'dries, 1st & Coll. Tr.	6%	1936	$1,219,000	110	Sept., 1929
Central Pub. Ser. coll. Tr. A.........	6%	1940	$8,266,000	105	July, 1929
Chile (Rep. of) Rwy. ref. S/F........	6%	1961	$243,000	100	July, 1929
Computing, Tab.-Rec. S/F............	6%	1941	$914,000	105	July, 1929
Cuba (Rep. of)	5½%	1953	$1,165,000	100	July, 1929
Delaware (State of) Highway.........	4½%	1958–60	$1,935,000	105	July, 1929
Elec. Ry. Equipment Sec. eq. tr. ctf...	5%	1929	$6,000	100	July, 1929
Georgia-Carolina Pr. 1st.............	5%	1952	$290,000	105	July, 1929
Georgia Ry. & Elec. ref. & imp......	5%	1949	$7,702,000	105	July, 1929
Illinois Glass deb.	6%	1933	$2,000,000	101	July, 1929
Indian Ref. Co. 1st..................	5½%	1930–32	$1,200,000	101	July, 1929
Ingersoll-Rand 1st mtg...............	5%	1935	E.I.	105	July, 1929
Knox Hat	6½%	1938	$899,000	102½	July, 1929
Lehigh Coal & Nav. Consol. Ser. A....	4½%	1954	$8,000	105	July, 1929
Montreal Steel Works 1st............	6%	1940	$471,000	110	Dec., 1929
National Foundry 1st................	6½%	1930–36	$439,000	105	July, 1929
New York Telephone S. F. Deb.......	6%	1949	V.B.	110	Aug., 1929
Northwest Pr. 1st Coll. Tr. nts.......	6%	1945	E.I.	104	July, 1929
Pacific Utilities 1st Ln. & Coll. A....	6%	1943	E.I.	102½	July, 1929
People's Lt. & Pr. Conv. Deb. Ser....	6%	1962	E.I.	110	July, 1929
Pittsburgh Coal of Pa. deb...........	5%	1931	$1,749,000	100	Sept., 1929
Smith & Wesson 1st..................	5½%	1938	$5,000	104½	July, 1929
Tenn. Copper & Chem. 15-yr. conv. Deb. Ser. A	6%	1941	$1,525,000	105	Oct., 1929
Transcontinental Oil 1st.............	6½%	1938	$126,000	100	July, 1929
Union Oil of Cal. 1st l. S/F Ser. A....	5%	1931	$849,000	102½	July, 1929
U. S. Steel 50-yr.	5%	1951	$134,830,000	115	Sept., 1929
Vicksburg Gas 1st Ser................	6%	1930–45	$200,000	102	July, 1929

V.B.—Various bonds. E.I.—Entire issue.

to increase her exports. It is intended to bring this about by granting credits to such developed or undeveloped countries which so far lacked the necessary capital to import foreign goods in quantities.

From the wording of the experts' report it becomes evident that certain regions are to be assigned to Germany: Russia, the Balkans and certain Asiatic countries. This "assignment of regions" for export activities is also a part of the endeavor to eliminate political friction. The execution of this credit system as embodied in the activities of the new bank will be of decided advantage to everybody concerned. The countries are being developed agriculturally and industrially, Germany gains new markets and eventual new sources of raw materials under favorable conditions, her creditors are being paid by using the newly created international documents of indebtedness, instead of in foreign exchange.

The criticism has already been raised that Germany's gain in exports would be the loss of the others. This is possibly a hasty conclusion. Firstly, Germany's increased exports mean increased imports of the necessary raw materials. Secondly, the assurance of an uninterrupted flow of reparation payments becomes increasingly stronger and removes the bugaboo of a ceasing of the annuities. Thirdly, the danger of Germany swamping foreign markets with her goods at cut prices in an endeavor to increase her exports has been totally removed.

How is this credit system to work? Germany will sell goods to, let us say, Bulgaria. Bulgaria pays Germany with a note which Germany turns over to the International Bank of Settlement. The bank discounts the note and gives Germany credit for the equivalent to be transferred later to the accounts of Germany's creditors. Or the bank may grant the credit directly and receives a note in return. Bulgaria would then draw against this credit to pay Germany, the bank honoring the drafts and crediting Germany with the value. Until the note falls due it should be a good short term investment with the endorsement of the International Bank of Settlement and perhaps of Germany. It might therefore become rather well-liked paper for the portfolios of the Central Banks.

The visible effect of this function of the new bank will find its clearest expression through the German trade balance. Until about October, 1928, Germany obtained means for the reparation payments through foreign loans. The effect of this apparent capital import was that Germany did not pay with actual foreign credits resulting from exports but with foreign exchange credits resulting from loans. That means that Germany did not pay with the equity of increased exports but with documents of indebtedness for unconsummated imports. The import was not consummated because Germany handed over to her creditors the capital loaned in foreign markets in the same form as it had been received.

When credits have been granted for the purchase of German goods in the course of the practical activity of the new bank, a Finance Institution,

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(12 advices in 19 mos.)	**Air Reduction**	**@ 138 up—sold at 390**
(10 advices in 17 mos.)	**American Smelting**	**@ 155 up—sold at 320**
(9 advices in 20 mos.)	**Chic., R. I. & Pacific**	**@ 70 up— now 130**
(10 advices in 18 mos.)	**Gold Dust Corp.**	**@ 45 up—sold at 150**
(11 advices in 19 mos.)	**Inter. Harvester**	**@ 135 up—sold at 320**
(9 advices in 18 mos.)	**Jewel Tea**	**@ 58 up— now 165***
(17 advices in 19 mos.)	**Mathieson Alkali**	**@ 86 up—sold at 220**
(18 advices in 19 mos.)	**Peoples Gas**	**@ 128 up—sold at 250**

*Prices includes value of rights received.

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San Francisco Stock Exchange

This table is published regularly for the convenience of those of our subscribers and readers who are, or may be, interested in leading Pacific Coast securities.

Bank and Public Utility Stocks

	Div. Rate	1929 High	1929 Low	Last Sale June 20, '29
Anglo & London Paris Nat. Bank	$10.00	269½	251	252½
American Company	4.00	151⅞	134	135½
Great Western Power Pfd.	7.00	107½	104¾	105¼
Pacific Lighting	3.00	89¼	70	87¾
Pacific Telephone & Tel. Pfd.	6.00	130	121	126
Pacific Gas & Elec.	2.00	70	54	69
Pacific Gas & Elec. Pfd.	1.50	28	25⅝	25⅞

Industrial and Miscellaneous

	Div. Rate	1929 High	1929 Low	Last Sale June 20, '29
Atlas Imperial Diesel Engine "A"	1.50	65½	44	51
Byron Jackson Pump Company	1.60	43½	31	37⅜
California Packing	4.00	81¼	73	74½
Caterpillar Tractor	3.00	87⅜	71	78⅝
Clorox Chemical Company	...	50½	36½	42
Crown-Zellerbach Corp. cm. vtc	...	25⅛	18	18¾
Crown-Zellerbach Corp. 5% Pfd.	5.00	96	90	90
Dairy Dale Company "A"	1.50	31½	23¼	...
Dairy Dale Company "B"	0.75	26⅛	17⅛	...
Firemen's Fund Insurance	5.00	151	104⅝	106
Foster & Kleiser (cm)	1.00	13⅛	10¼	11½
Golden States Milk Prod.	1.60	60⅛	52⅜	55¾
Hale Brothers	2.00	24⅛	19⅛	20
Hawaiian Coml. Sugar	3.00	55⅜	50⅛	54
Hawaiian Pineapple	1.80	66	59	64⅞
Home Fire & Marine	1.60	46½	39⅜	44
Honolulu Cons. Oil	2.00	44⅛	35¼	41½
Illinois Pacific Glass "A"	2.00	47	30	32
Kolster Radio Corp.	...	79½	23	29¼
Magnavox Co.	None	13⅛	4¼	4.40
North American Oil	3.60	38	20	32
Oliver United Filters, Inc., "A"	2.00	46	30½	36¾
Oliver United Filters, Inc., "B"	...	45	28	30¾
Paraffine Common	3.00	88⅛	79¾	82¾
Richfield Cons. Oil	2.00	48⅞	39¾	42
Schlesinger A Common	1.50	21⅛	16¼	17⅛
Shell Union Oil	1.40	31½	26	27½
Standard Oil of Calif.	2.50	81½	64⅛	73⅛
Union Oil Associates	1.99	53¾	44⅝	47⅛
Union Oil of California	2.00	53⅞	46¼	47¼
Yellow & Checker Cab "A"	4.00	53	43	45½

then the German trade balance will show a corresponding increase—an increase appearing on the export as well as on the import side. The export side increases exactly as much as the amount of the foreign purchases. The import side will show an increase equal to the foreign exchange credits formerly turned over to the reparation creditors, since the creditors will take in payment the documents of indebtedness of Germany's new customers. In other words, Germany will then pay with deliveries in kind.

If this plan were to be carried through to its last effect it would then become possible, that in time all reparation payments might be made as deliveries in kind, the safest means to make it possible for Germany to pay to the last cent of her obligations.

Trade Tendencies

(*Continued from page* 416)

months, activity prevailed at an average of 94.47%.

The increase in Bessemer steel output was more pronounced, proportionately, than in other divisions, reflecting an overflow of work from open-hearth mills, whose management realizes that the spurt in demand may be temporary and who therefore prefer to turn some business over to Bessemer producers (where there is an excess of steel making equipment) rather than to install additional equipment themselves.

For the first weeks in June, activity

was maintained comfortably above 95% of capacity, but late reports have it that backlogs are being worn down. However, awards of considerable proportions in pipe line tonnage will serve to maintain business—as will the strength in rail equipment purchases and in structural shapes. Other consuming industries are for the most part in a healthy position and may be expected to demand substantial tonnages throughout the coming months.

Prices are generally firm, and may stiffen further if consumers who have been awaiting better prices on an expected decrease in activity rush into the market at the last moment for their requirements. Half-year profits will be highly satisfactory, while current indications seem to favor earnings strength in the third quarter, too.

SUGAR

Situation Practically Unchanged

With production of Cuban sugar to date estimated at more than 5.1 million tons, the situation in sugar markets is not one to inspire confidence at this time. The enormous crop must be disposed of, and efforts to make price levels attractive enough for disinterested buyers have driven quotations as low as 1.62 cents per pound, leaving no profit for the average Cuban producer. However, at less than 1¾ cents, the price apparently discounts the bearish features of over-large surplus and the uncertainty of an increased United States tariff, so that no further decline is looked for.

Conversely, though, this very same price situation works to the advantage of American sugar refiners, who can thus purchase their raw materials at practically rock bottom cost, and who therefore are in a position to display bettered earnings. In this regard, the imminence of a tariff revision has caused refiners to purchase large quantities of raw sugar at the very reasonable prices which now obtain, and to place these supplies in storage against a possible jump in prices later in the year.

Non-Cuban growers—the companies in Hawaii, Porto Rico and the Philippines—have experienced small difficulty in selling their crop. They enjoy a decided advantage over Cuban producers in that their offerings are not taxed and can be sold for the equivalent of the Cuban grower's selling price plus his import duty—or less. Consequently, their ability to show a profit on sales is that much the more pronounced. In addition, outlook for "insular" sugar raisers is fortified, rather than weakened, by the possi-

(*Please turn to page* 478)

Statistical Record of Business

	Week Ended June 15, 1929	Week Ended June 22, 1929	Year Ago
Volume Stock Exchange Transactions (shares)	14,135,970	17,045,180	10,982,793
Average Price Magazine of Wall Street Index	158.9	162.1	120.9
Volume Bond Transactions	$45,266,750	$56,012,000	$49,046,000
Average Price 40 Bonds	87.19-86.85	86.98-86.66	91.02-90.72
Brokers Loans (Federal Reserve)	†$5,284,000,000	‡$5,420,000,000	$4,269,590,000
Comm'l Loans Federal Reserve Member Banks	$9,140,000,000	$9,157,000,000	$8,970,009,000
Federal Reserve Ratio	75.2	75.8	69
Gold Holdings	$3,025,189,000	$3,046,681,000	$2,737,271,000
Rediscount Rate, N. Y.	5%	5%	4½%
Debits to Individual Accounts	†$14,460,000,000	‡$16,610,000,000	$17,502,000,000
Call Money	7%	7%	6½%
Time Money (90 days)	8-8¼%	8%	5¾-5⅞%
Commercial Paper	6%	6%	4¾-5%
Acceptances (90 days)	5⅝-5½%	5⅝ 5½%	4⅛-4%
Dun's Business Failures	426	427	447
Weekly Food Index (Bradst's)	$3.35	$3.35	$3.34
	May 1	June 1	
Wholesale Prices (Bradst's)	$12.68	$12.46	$13.19

Industrial Barometers

	April	May	Year Ago
U. S. Steel Unfilled Tonnage	4,427,763	4,304,167	3,416,822
Steel Ingot Production	4,938,025	5,273,167	4,302,573
Pig Iron Production	3,662,625	3,898,082	3,283,861
Pig Iron Furnaces in Blast	215	219	198
*Copper Production (short tons)	110,313	108,961	67,423
Car loadings	3,983,978	4,205,709	4,005,155
Automobile Production	620,656	603,968	425,990
Building Permits (Bradstreet's)	$476,719,015	$190,849,600	$244,398,000
Petroleum Production (bbls.)	80,110,000	....	72,127,000
Bituminous Coal Production (net tons)	36,888,000	40,172,000	36,624,000
Cotton Consumption (bales)	613,710	668,229	577,384
Spindles active	30,924,184	30,910,282	28,948,144
Wool Consumption (lbs.)	49,204,924	....	38,854,522
Railroad Earnings	$94,204,113	....	$70,617,896
% on Railroad Property invested	6.08	....	4.63

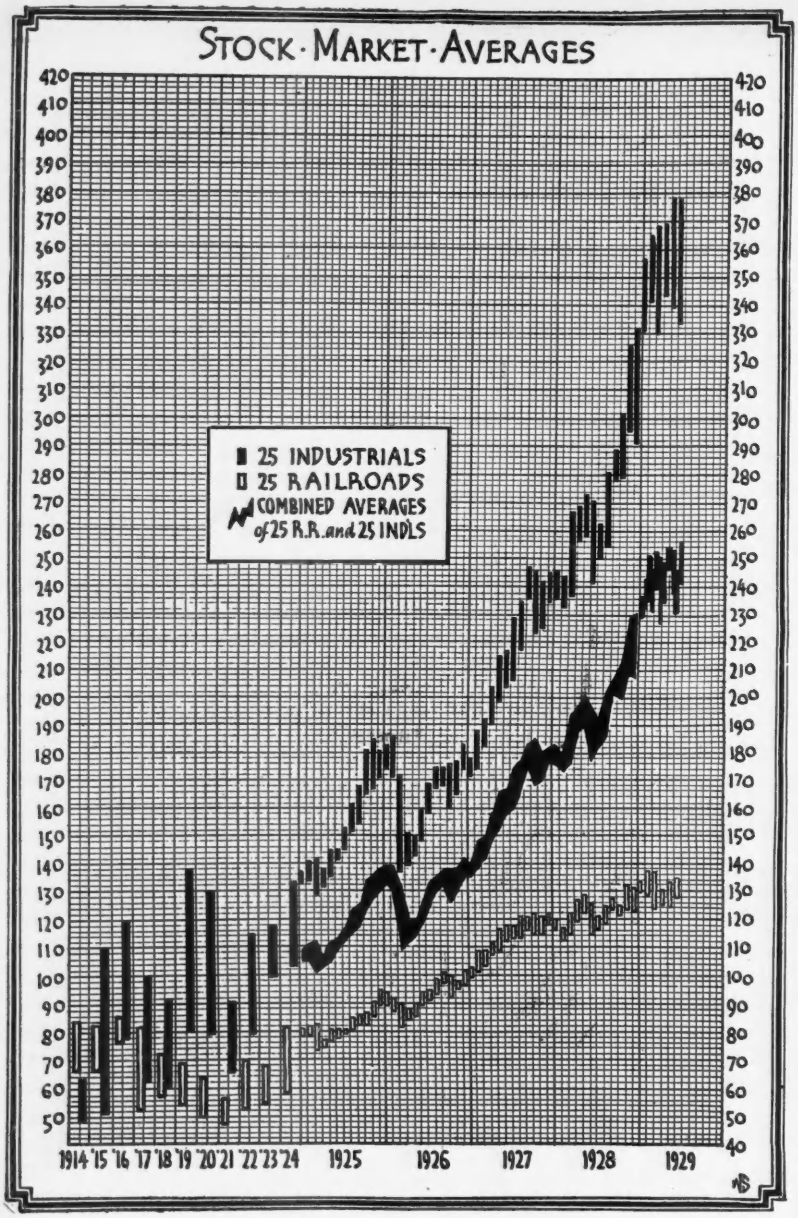
Foreign Trade

	April	May	Year Ago
Merchandise Exports	$427,000,000	$387,000,000	$422,557,000
Merchandise Imports	$409,000,000	$401,000,000	$353,000,000
Gold Exports	$1,594,000	$467,000	$83,689,000
Gold Imports	$24,687,000	$24,097,000	$1,968,000

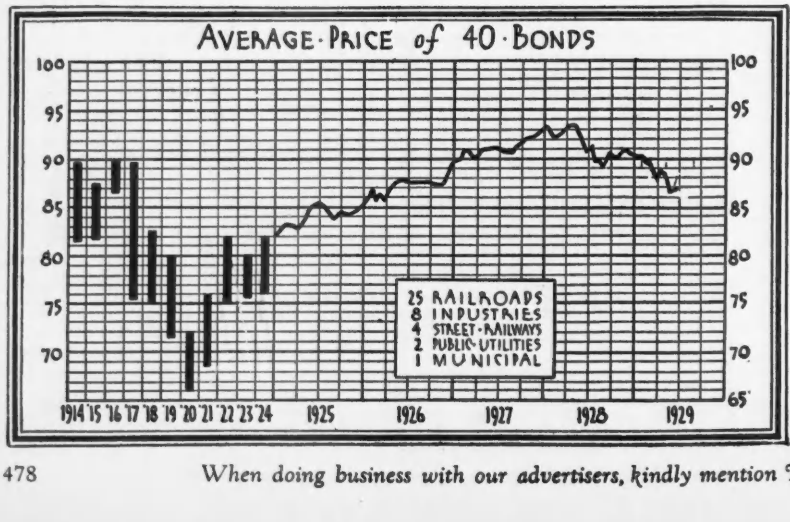
Distributive Trades

	March	April	Year Ago
Mail Order Sales index number 1923-5—100%	129	142	113
Chain Stores Sales index number 1923-5—100%	137	184	155
Dept. Store Sales index number 1923-5—100%	85	110	103

*U. S. Mines. †June 12, 1929. ‡June 19, 1929.



Market Statistics Figures will be found on opposite page



(Continued from page 475)

bility of an advance in the tariff. Prices can be raised in proportion to the increase in duty, and greater profits would thereby be in order; Cuban competition would suffer a further setback and would be subject to a still greater price disadvantage. In addition, acreage would be expanded in such an event, and these organizations might well wax prosperous.

But until the new tariff reaches a stage less fluid, these assumptions are mere conjecture. Actually, the insular sugar companies are expected to earn profits on a scale that will compare closely with those of last year, while Cuban growers, until something radical occurs in their crop situation (and it will probably take several years to effect a real improvement) are expected to show generally unsatisfactory net returns.

The Forward March of the Utilities

(Continued from page 420)

dreds of miles of their right of way. Most of these railroads plan to purchase power instead of building their own power plants. This will add thousands of dollars of additional revenue to the electric industry. Commercial aviation is impractical without night flying, and beacons up and down the length and breadth of the country are providing an additional outlet and source of revenue for the utilities.

Through the further development of existing outlets, domestic and industrial customers will soon be using four or five times as much electricity and gas as they are now consuming. Engineering and research will further reduce the cost of operation and financing will be accomplished at new low costs. This will further reduce the operating ratio. Earnings will increase in proportion. This will mean increased service to the consumer and increased return to the investor.

The future of the public utilities will be closely linked with the industrial development of the country and the increase in population. To the investor, the securities of the utilities offer an opportunity to participate in the assured future growth of an essential industry, through investments yielding attractive returns and backed by well diversified properties.

For Feature Articles to Appear in the Next Issue See Page 374.

Financial Personalities

THE New York Trust Company claims the distinction of having the youngest president among the executives of the large downtown banks. Artemus L. Gates, who is not yet 34 years old, was recently elected to that office to succeed Harvey D. Gibson who has been elected chairman of the executive committee. Mr. Gates began his banking career in 1919 with the Liberty National Bank, which in 1921 merged with the New York Trust. In 1926, he became a vice-president of the New York Trust and has remained in that capacity until his recent election to the presidency.

* * *

LAMMOT DU PONT, chairman of the board of directors of the General Motors Corporation and president of the E. I. du Pont de Nemours & Company, has been elected president of the Manufacturing Chemists' Association of the United States.

* * *

E. F. HUTTON of E. F. Hutton & Company, and Waddill Catchings of Goldman, Sachs & Company, have been elected directors of the Chrysler Corporation to fill vacancies caused by the resignation of D. R. McLain and G. W. Mead.

* * *

LEHMAN BROTHERS, one of the oldest and best known firms in banking circles, recently opened new offices at 1 William street. The firm originated in Montgomery, Alabama, in 1850 and has since developed into one of the largest investment banking firms in the country.

* * *

HENRY C. VON ELM, associated with the Manufacturers Trust Company for twenty-six years, has been elected president to succeed Nathan S. Jonas, who will fill the newly created position of chairman of the board.

* * *

UPON completion of the proposed merger of the Chase National Bank and the National Park Bank, Charles S. McCain, president of the National Park, will become president of the consolidated institution. A. H. Wiggin, chairman of the board of directors of the Chase Bank will continue in that capacity in the new bank, and Robert L. Clarkson, now president of the Chase, will become vice-chairman of the board of directors. John McHugh will be chairman of the executive committee.

MARKET STATISTICS

	N. Y. Times	Dow, Jones Avgs.		N. Y. Times 50 Stocks		
	40 Bonds	20 Indus.	20 Rails	High	Low	Sales
Thursday, June 6	86.63	307.72	155.10	245.97	242.15	2,928,200
Friday, June 7	86.98	307.46	154.19	248.25	242.95	3,078,150
Saturday, June 8	87.15	305.12	154.31	246.11	243.81	1,201,500
Monday, June 10	87.19	303.27	153.36	245.89	242.36	2.201,230
Tuesday, June 11	87.11	306.64	153.55	245.36	241.09	2.147,650
Wednesday, June 12	87.05	306.68	153.23	246.33	242.76	2,131,390
Thursday, June 13	86.95	313.05	153.46	248.36	243.60	3,155,880
Friday, June 14	86.85	313.68	154.18	250.32	246.03	3,235,400
Saturday, June 15	86.86	314.26	155.88	249.99	247.66	1,264,420
Monday, June 17	86.87	319.33	156.80	254.64	249.21	3,207,760
Tuesday, June 18	86.91	319.67	156.85	256.26	252.36	3,344,220
Wednesday, June 19	86.82	316.41	156.63	255.18	251.23	3,056,930

Recent Reported Earning Position of Leading Companies

This department serves to provide a current record of earnings reported by leading companies. Each issue covers only those reports which are received during the fortnight immediately preceding. Net worth is calculated from the latest available balance sheet; and earnings thereon serve to measure the profit position of the company in relation to its stockholders' investment. The ratio of debt to net worth indicates, by a percentage figure, the extent of bondholders' claims as compared to stockholders' equity.

INDUSTRIALS

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value June 17, 1929, Times Earnings	Dividend Rate
Associated Apparel Industries...	4 mos.	.14	16	2.82	6.9(g)	4
Austin, Nichols & Co..........	Year	NR	NR	0	—	—
E. G. Budd Manufacturing Co...	1928	.06	22	1.27	20.5	—
E. G. Budd Manufacturing Co...	1st quar.	.04	22	1.73	3.8(g)	1(ay)
Budd Wheel Co................	4 mos.	NR	NR	3.23	7.3(g)	—
Consolidated Film Industries....	5 mos.	.12	2	1.36	6.7(g)	2
Durant Motors, Inc...........	1928	(d)	15	(d)	—	—
Fairchild Aviation	1st quar.	NR	NR	.07-A	84.0(g)	—
Federal Mining & Smelting.....	3 mos.	NR	NR	13.43(bc)	4.5(bcg)	—
Florsheim Shoe Co.............	6 mos.	.10	ND	2.46-A	9.6(g)	—
Grand Rapids Varnish Corp.....	1st quar.	NR	NR	.54	9.8(g)	1
International Merc. Marine......	1928	NM	26	0	—	—
International Salt	1928	.05	65	7.23	9.8	(x)
Lee Rubber & Tire Corp........	6 mos.	.03	ND	.76	10.5(g)	—
Lehigh Portland Cement.........	Year	.08	ND	5.74	9.1	2½
National Standard Co..........	7 mos.	NR	NR	2.73	9.8(g)	3
National Surety Co.............	1928	.03	ND	5.46	20.2	5
Pirelli Company	1928	.09	17	6.98-AB	8.5	2.88
Quincy Mining	1928	(d)	ND	(d)	—	—
Remington Rand, Inc..........	Year	.07	57	1.15	27.4	—
Southern Dairies	1st quar.	(d)	NR	(d)	—	—
Thompson Products, Inc........	4 mos.	.10	ND	1.94-AB	10.5-A(g)	1.60
Universal Pipe & Radiator......	3 mos.	NM	20	0	—	—
Warner Brothers Pictures.......	6 mos.	NR	NR	6.95	8.5(g)	—
Webster Eisenlohr, Inc.........	1st quar.	.01	ND	.15	148.4(g)	—

RAILROADS

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value June 17, 1929, Times Earnings	Dividend Rate
Buffalo, Rochester & Pittsburgh.	1st quar.	.01	152	1.44	14.0(g)	4
Missouri, Kansas, Texas Lines..	1928	.05	76	4.61	10.4	—

PUBLIC UTILITIES

Company	Period of Report	Earned per Dollar of Net Worth	Ratio of Debt to Net Worth	Earned per Share of Common	Market Value June 17, 1929, Times Earnings	Dividend Rate
American & Foreign Power......	1928	.06	ND	1.22	86.8	—
American Power & Light........	12 mos.	.08	21	4.92	25.3	1(a)
Amer. Water Works & Electric..	12 mos.	.04	99	3.82	36.2	1(a)
Electric Bond & Share..........	Year	.03	ND	1.58	66.9	—
International Tel. & Tel.........	3 mos.	NR	NR	.84	25.4(g)	—
United Light & Power..........	12 mos.	.09	391	1.67	24.2-A	.60

(a) And extra. (b) Before taxes. (c) Before depletion. (d) Deficit. (g) Based upon estimated yearly earnings as indicated by period reported. ND No funded debt. NM Negligible. NR Unavailable. (x) Dividend resumed with payment of $1.50 on July 1 to holders of record June 15. (y) Dividend resumed with payment of $.25 and extra on Aug. 1 to holders of record July 15.

Buying Life Insurance at the "Half Premium" Rate

(*Continued from page* 411)

the case of the young business man who can use every dollar of his capital, and every dollar of his free income, in expanding his own business. This man can earn perhaps 10 per cent or 15 per cent on such free capital in his own business, and may therefore be willing to take a chance on the higher premium which afterwards must be paid to maintain the insurance. But cases of this kind are not so numerous that any vast amount of business should be written on this form. Generally speaking, agents are wiser if they urge their clients to incur somewhat heavier expenditures in the early years, and save the necessary money from those luxurious outlays which tempt us all, and which can be curtailed if we exercise true thrift.

One result of the discussion of this Reduced Premium Policy in the early years has been to develop on the part of one of the large companies a Modified Life contract which is much sounder than that above described. The reduction in premium is for three years only, and is relatively a small reduction for those three years. At the end of three years the policy is entitled to participate in surplus distribution. Its first dividend will reduce the fourth premium and dividends are payable annually thereafter. There is a strong probability, in that particular company, that the dividends from the third year onward will maintain the low premium rate indefinitely, although this low premium rate is not guaranteed. At the same time it is hard to see wherein any real tangible benefit accrues to the policyholder which he would not equally derive from the same company if he took a straight Ordinary Life contract. Most companies try to make their line of policy forms of equal merit to their various policyholders. Accordingly, where an agent in competition produces a policy form which the other company does not happen to issue he is using a sales method planned to give him an advantage to which his company, all things considered, may not be entitled.

For Help in Solving Your Insurance Problems Consult Our Insurance Dept.

KEEP POSTED

MAKING PROFITS IN SECURITIES

Are you profiting by the major and also the minor swings of the market? If not, you will be interested in the above booklet issued by a leading financial service in New York City. (377).

PORT OF NEWARK

This booklet gives a most comprehensive description, not only of the Port of Newark, but also of the trading territory immediately adjacent to it. It is well worth reading for the information it contains. (410).

CONSISTENT INVESTMENT SUCCESS

The sound investment principles followed by the Brookmire Service and the adaptability of these principles to the requirements of every investor, large or small, is described briefly in this interesting booklet. (413).

Stockholders Meetings

a.c.f.

AMERICAN CAR AND FOUNDRY COMPANY

STOCKHOLDERS' MEETING

The Stockholders of American Car and Foundry Company are hereby notified that the regular annual meeting of the stockholders of said Company will be held at its office, No. 1 Exchange Place (First National Bank Building), Jersey City, New Jersey, on Thursday, the 11th day of July, 1929, at 12 o'clock noon, for the purpose of electing a Board of Directors and transacting such other business as may be brought before the meeting.

H. C. WICK, *Secretary.*

Now Is the Time to Buy Bonds

(*Continued from page* 398)

ment and speculation, two things which as a rule should be kept absolutely separate and distinct. Bonds are primarily the proper medium for that part of the investment fund for which security, stability and a fixed income are the ends in view and speculation, where advisable at all, should usually be confined to the purchase of common stocks.

The whole situation then boils down to the statement that bonds do still have a legitimate and proper place in every well balanced investment program involving any considerable sum, *and that bonds are now in a good buying price range when compared with stocks.* Prices do not appear likely to reach materially lower levels. Particular issues should be selected with primary emphasis upon the basic principle of safety, generally excluding speculative considerations. Within such limits the issues best suited to the needs of the particular investor, especially considering his tax status and other personal problems and purposes, should be the ones given the preference.

New York Curb Market

IMPORTANT ISSUES

Quotations as of June 20, 1929

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
Aluminum Co. of Amer.	294	146	285½
Aluminum Pfd. (6)	108¼	103½	106½
Amer. Cyanamid "B" (1.60)	62⅜	39½	52⅛
Amer. Gas Elect. (1)‡	199⅞	128	189
Amer. Super Power (new)	44⅛	25⅞	42¾
Assoc. Gas Elec. "A" (2.40)	61½	49¼	54
Centrif. Pipe (0.60)*	13	7	7⅛
Cities Service (.30)†	31¼	28⅛	31
Cities Service Pfd. (6)†	98¾	96⅜	96⅝
Cons. Gas of Balt. (3)	160	88⅛	130⅞
Consolidated Laundries	21	16	17¾
Durant Motors†	20	9	10¾
Elec. Bond Share†	112⅞	73	111¼
Elect. Investors† (6% stk.)	183¾	77½	180
Ford Motors of Canada (B)	172	56½	70
Ford Motors, Ltd.	21⅞	15½	15½
General Baking*	10⅞	6¼	7⅛
General Baking Pfd.* (6)	79⅛	67½	70¾
Glen Alden Coal (10)†	139	118½	127
Gulf Oil (1.5)†	189	142⅛	170
Happin. Candy St. (1.40 stk.)	5⅜	2	2⅞
Hecla Mining (1)	23⅞	16	17¾
Hygrade Food Products	49⅞	34¼	35⅝
International Utilities B	22⅞	14½	18¾
Insur. Securities Inc. (1.40)	32⅞	26	26
Lion Oil Refining (2)*	38⅞	23⅛	33½
Lone Star Gas (2)	80⅞	67	.80⅞
Metro Chain Stores	89	70	74§
Mountain Producers (1.60)†	22⅞	15¼	15¼

Name and Dividend	1929 Price Range High	1929 Price Range Low	Recent Price
National Fuel Gas (1)	37¼	27¾	35½
New Mex. & Arizona Land†	9⅜	5½	5½
New Jersey Zinc (new) (3)	87¾	75⅜	80
Nipissing Mining (30c)*	3¾	2½	2¾
Pittsburgh & Lake Erie (5)	156⅞	135⅛	142
Salt Creek Producers (3)†	25⅞	17¾	18⅝
So'east Pwr. & Lt. (1)	87⅝	27⅝	75
So'east Pwr. & Lt. (4)	138	71½	125¼
Stutz Motors*	34	12	14
Tobacco Products Export†	3¼	2	2
Transcontinental Air Trans.	30⅞	21½	27½
Trans Lux	24	5⅜	10⅜
Tubize Artif. Silk† (10)	550	310	340
Tung-Sol "A" (2.30)	39⅞	24⅝	39⅜
United Gas & Improv't (4½)	223⅞	155⅛	223
U. S. Gypsum (1.60)	75⅛	56	71
STANDARD OIL STOCKS			
Continental Oil	29	17¼	20⅞
Humble Oil (2)†	124⅜	89⅝	115
International Pet. (.75)	65½	45½	46½
Ohio Oil (2)	75⅜	64⅛	72
Standard Oil of Ind. (2½)†	63	54	55⅞
Vacuum Oil (4)†	133¾	105½	114½

*Listed in the regular way.
†Admitted to unlisted trading privileges.
‡Application made for full listing.
§Bid price.

Buy Low and Sell High

(*Continued from page* 395)

The same policy of buying stocks for permanent investment is followed by insurance companies and those banking institutions which may legally buy common stocks. Such holdings are liquidated only when they are no longer suitable for retention on their investment merits. Sufficient liquid capital is held by the well managed financial institutions to enable them to take advantage of favorable opportunities for new investment. The investment managers of these institutions accordingly hail a price readjustment in the stock market with smiles instead of groans. The book profits that they may have or may not have on their invested assets have very little significance in their security buying policies. And the famed practice of buying low and selling high is "an unmentionable" in the best circles of investment institutions.

The returns of the small individual investor from security purchases are not so readily ascertained as those of the financial institutions which furnish annual reports, but the brokers we have discussed the matter with have rather definite views as to who is making the big profits in the present market. Through some strange perversity of fate, the small fellow who has been buying stocks for investment has the real profits; while the customers who have been buying "for quick profit" experienced some pretty severe rebuffs during the past six months or so.

Shall We Regulate the Holding Company?

(*Continued from page* 438)

the mercy of state public utility commissions and other political forces and may not always continue to show the steady upward trend recently so noteworthy.

Against these considerations of caution may be urged the probable continuation in the expansion of industries so closely based upon our national prosperity and partaking so largely of the nation's progress. Present extravagances of capitalization and methods may soon be absorbed as the basic industries grow and earnings increase. Spots in the present capital structures which appear weak and over-extended may thus within a short period be filled in by solid values.

Discrimination in the purchase of public utility securities, both those of holding companies and operating units, must certainly be urged at current price levels, but caution may justifiably be blended with a strong feeling of optimism based upon the outlook for prosperity among the industries involved.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

STANDARD OIL ISSUES

We have available for distribution descriptive circular on all the Standard Oil issues. (219).

THE PARTIAL PAYMENT

method of purchasing good securities in odd lots and full lots on convenient terms is explained in a free booklet issued by an old established New York Stock Exchange House. (224).

ODD LOTS

A well known New York Stock Exchange firm has ready for free distribution a booklet which explains the many advantages that trading in odd lots offers to both small and large investors. (225).

A SUGGESTION TO INVESTORS

This booklet explains in detail the features of Odd-lot investing. If interested, the prominent New York Stock Exchange firm issuing this booklet will be pleased to send you a complimentary copy. (278).

"BUILDING A LARGER INCOME WITH SAFETY"

A 36-year old investment house has issued this booklet containing practical information on how to obtain the five cardinal qualities of safe and profitable investment. (285).

THE BACHE REVIEW

By reading this timely booklet but ten minutes a week you will be able to judge the market more accurately. Sent for three months without charge. (290).

THE KNACK OF CORRALLING DOLLARS

is the title of an instructive booklet issued by The Prudence Company, Inc. It points the way to financial independence through the accumulation of guaranteed Prudence Bonds. Among other things, it shows how they may be purchased through monthly payments of $10 or more, the investor receiving 5½% interest on his payments. A copy of this interesting booklet will be sent to you without obligation upon request. (316).

FOR INCOME BUILDERS

This booklet describes a practical Partial Payment Plan, whereby sound securities may be purchased through monthly payments of as little as $10. Shows how a permanent, independent income may be built through the systematic investing of small sums set aside from current earnings. (318).

THE REAL ESTATE INVESTMENT OF THE FUTURE

Mr. Fred F. French, one of the country's foremost real estate authorities, has explained the operation of the French Plan in the above mentioned book. Send for your free copy. (348).

KEEPING THE INVESTOR INFORMED

How owners of the securities of one of the largest organizations of its kind are kept informed regularly of earnings, developments and plans of the great industries back of their holdings. (362).

WHY WE CHOSE ATLANTA

See what Atlanta can mean to your business. Send for this free booklet giving the experience of more than 600 concerns now in Atlanta. (363).

PROFITS IN AVIATION

is the title of a pamphlet prepared for distribution by Madden, Tracy & Co. It sets forth in brief the type of companies most likely to succeed in this fast-growing industry and gives a brief resume of a few of the leaders in the field. (550).

Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the informtion available on the association under consideration is sufficietly complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Texas | **Texas** | **Texas**

A Care-Free INVESTMENT

The Investment Certificates of this Association are designed for all classes of investors who recognize the wisdom of avoiding the cares, responsibilities and hazards inevitably associated with the best securities—carefully selected first mortgage loans.

Holders of Continental-Southland Certificates are free from the cares necessarily assumed by owners of individual mortgages, such as the collection of interest, supervision of the pledged property, the occasional drastic action for the protection of principal and the uncertainty of dividend or interest payments.

This Association takes proper pride in the fact that its record as a custodian of the savings and investment funds of thousands upon thousands of people, in all walks of life, is without a flaw or blemish, that no Continental Southland saver or investor has ever lost a dollar entrusted to us.

The prudent investor may say, "The past is past, what of the future?" Our answer is our financial statement.

This Association invites Investments from those prudent investors who want safety of principal first—plus better than average return.

INVESTMENT CERTIFICATES

7% Issued upon payment of $500 and up in multiples of $100, and earning dividends at the rate of 7% per annum with the dividends payable in January and July or the dividends may accumulate and compound semi-annually. SYSTEMATIC SAVINGS earning 7% compounded semi-annually and "Save-as-you please" accounts earning 6% compounded.

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M.W.

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INVESTIGATE OUR 7% Full Paid Certificates

Cash dividends every three months — no fees.

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8% DIVIDENDS GUARANTEED

by our guaranty plan on our 8% Investment Certificates in sums $100 and up. Non Taxable. State Supervision. Circular on request. Address Dept. X.

NORTH AMERICAN BLDG. & LOAN ASSN.
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COMMONWEALTH

7% CERTIFICATES No Fees

Dividends payable in cash semi-annually. Write for complete information about this attractive non-taxable investment.

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BUILDING & LOAN ASSN.
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DALLAS - - - TEXAS

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Checks Mailed Every Six Months

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Standard Building & Loan Assn.
Authorized Capital $5,000,000.00
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8% THE HIGHEST RATE CONSISTENT WITH SAFETY

The "Reliance" pays you 8% interest, compounded semi-annually, on both lump sum investments and regular monthly savings accounts.

No membership or withdrawal fees. First mortgages on Texas homes, placed after most conservative appraisals, protect your investment.

WRITE FOR FULL INFORMATION.

THE RELIANCE
Building & Loan Assn.
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8% We pay 8% cash dividends, payable quarterly on Fully Paid Shares.

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Building and Loan Associations

We will be glad to answer questions regarding Building & Loan Associations, provided that the informtion available on the association under consideration is sufficietly complete to warrant an opinion. Address, Building & Loan Ass'n Department, c/o The Magazine of Wall Street, 42 Broadway, New York City.

Colorado

7% Guaranteed INTEREST

Short-term Full-paid Certificates maturing in five years. Secured by first mortgages on homes in and around Denver, plus a contingent reserve fund and rigid State Supervision

ISSUED IN UNITS OF $50 TO $5,000

Dividends Payable Semi-Annually

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Alabama

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ALSO 7% ON MONTHLY SAVINGS
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SECURED by first mortgages on select homes, not to exceed 60% of valuation.

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We DO pay Hundreds of Investors 7% with absolute SAFETY 8%

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Full-paid 5-year Time Certificates. Issued for $100 to $10,000 in bond form with quarterly or semi-annual interest coupons. Monthly income easily arranged. Exempt Federal Income Tax to $300 interest yearly. Transferable and renewable. Joint ownership permitted. Protected by the safest known type of city real estate mortgages—plus the largest permanent capital in Colorado.

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Why Take Less? **7%** Tax Exempt 5-Year *Guaranteed* *Income Certificates*

Interest paid twice a year.
100% secured by town and city

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Kentucky

Invest with Safety in our

7% Paid-Up Stock $102 Per Share

All funds secured by first mortgages on Louisville and Jefferson County real estate. This Association has always paid withdrawals on demand.
This Association is under the supervision of the State Banking Commissioner.

Resources $6,000,000

Stockholders in thirty states.

Literature and financial statement on request.

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Incorporated

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Tune in on WHAS for Greater Louisville Hour

Florida

8% and safety

This Company has the proud record of not having lost a dollar. It has always paid 8 per cent dividends, payable 2 per cent quarterly; does not employ solicitors nor charge a membership or withdrawal fee. All shares are non assessable, sold and redeemed at par plus declared dividends. Note our steady growth:

April 5, 1921 $0.00
March 31, 1922, $147,608.20
March 31, 1923, $272,463.58
March 31, 1924, $500,130.44
March 31, 1925, $750,097.74
March 31, 1926, $1,208,168.28
March 31, 1927, $1,557,991.60
March 31, 1928, $2,116,982.70
Mar. 31, 1929, $2,735,050.05

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Home Building & Loan Company

Authorized Capital $5,000,000.00

Under State Supervision

E. M. MILLER Sec'y-Treas.

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FORT PIERCE, FLORIDA

P. O. Box 1318-R

The Market Groups of Greatest Promise

(Continued from page 388)

utility prospects at this juncture. Where earnings alone are considered, there is ample ground for optimism. Electrical consumption has continued its secular growth this year, but a high rate of business activity has tended to increase the net gain somewhat above the usual average.

Increasingly higher standards of operating efficiency have revealed themselves in an even more rapid expansion of net earnings. In the electrical division, an increase of profits for the entire year, exceeding possibly 20 per cent, does not appear unlikely. The gas companies, though they may not fully equal this gratifying rate of improvement, doubtless will not fall far short of it. Accordingly, where equities have not been spread out too thinly by the pyramiding of holding company structures, or future growth has not been too liberally discounted, for the time being, in the current market enthusiasm, public utility stocks occupy an eminently sound position.

Tobacco Earnings Sustained

In substantially the same position, from the viewpoint of consistent growth in gross and net, are the leading tobacco companies whose principal business lies in the field of cigarettes. The downward readjustment of prices effected a little over a year ago, as a consequence of somewhat sharper competition, has failed to alter the earnings status of these concerns. On the contrary, the volume of cigarette production has gone on expanding consistently. Sales for the first four months of 1929 were at levels nearly 16 per cent above those for the corresponding period of 1928. The very recent outbreak of a price cutting war in the retail cigarette field has had no effect upon manufacturers' prices, which have been held unchanged since the reductions of early 1928. The earnings outlook for the principal tobacco manufacturing companies, therefore, compares favorably with that of those other groups whose profits for the year will be distinguished more for sustained than for very sharp improvement.

In the amusement industry, that branch represented by the "movies" has attracted a marked public interest by virtue of the development of the "talkies." Sound pictures have lured greater audiences and the novelty of these productions, which all of the leading motion picture companies are now turning out in volume, has done much to swell attendance at the movie theatres. Colored films will come into greater vogue shortly, it is believed, and in that event, any slackening of interest in talking pictures will be compensated by the newer novelty.

Production costs, of course, have been increased by the more expensive sound pictures and outlets for domestic films abroad have suffered some restriction. These factors would tend to offset increases in business attending the newly enhanced popularity of the motion picture, but for the fact that the rise in boxoffice receipts appears ample to compensate for such restraining influences. Moreover, a strong trend toward consolidation seems to be developing in among the larger units, evidently having as its principal objective the reduction of such increasing production costs. For these reasons, the motion picture industry may properly be included in the list of enterprises whose earnings prospects are reassuring, though variations in net profits, as between individual companies, are apt to be rather wide.

In the tire industry, the distribution of prosperity is likely to be considerably more irregular than in others owing to the presence of several smaller and less stable units. Stimulated by record-breaking automobile production and a further increment of replacement demand resulting from constant expansion in motor car registrations, tire manufacturers have been driven to employ practically all of their plants at capacity.

By comparison with the very wide and erratic fluctuations of previous years, raw material costs are well stabilized. Although tire prices are low, the high rate of output makes for a thoroughly satisfactory margin of net profit. Thus, there appears but one uncertain factor in the way of record earnings for the larger and stronger tire companies during the current year. Net for the first half promises to equal, if not exceed, all previous experience. Results not far out of line with the first and second quarters may be anticipated in the second half year, provided the manufacturers continue to hold inventories in reasonable alignment with demand. The now rather remote possibility that a surplus stock may be permitted to accumulate, to the detriment of price stability, constitutes the one factor to be watched in an otherwise strong situation.

For Feature Articles to Appear in the next issue See Page 374.

Financial Notices

Dividends and Interest

Otis Elevator Company

Preferred Dividend No. 122
Common Dividend No. 86

A quarterly Dividend of \$1.50 per share on the Preferred Stock and a Dividend of \$1.50 per share on the Common Stock will be paid July 15th, 1929, to stockholders of record at the close of business on June 29th, 1929. Checks will be mailed

C. A. Sanford, Treasurer

SOUTHERN RAILWAY COMPANY

New York, June 13, 1929.

PREFERRED STOCK

A dividend of one and one-quarter per cent (1¼%) on the Preferred Stock of Southern Railway Company has been declared payable on July 15, 1929, to stockholders of record at the close of business June 24, 1929.

COMMON STOCK

A dividend of two per cent (2%) on the Common Stock of Southern Railway Company has been declared payable on August 1, 1929, to stockholders of record at the close of business July 1, 1929.

Cheques in payment of these dividends will be mailed to all stockholders of record at their addresses as they appear on the books of the Company unless otherwise instructed in writing.

C. E. A. McCARTHY, Secretary.

The Baltimore & Ohio Railroad Co.

OFFICE OF THE SECRETARY

Baltimore, Md., June 19, 1929.

The Board of Directors this day declared, for the three months ending June 30, 1929, from the net profits of the Company, a dividend of one (1) per cent. on the Preferred Stock of the Company.

The Board also declared from the surplus profits of the Company, a dividend of one and one-half (1½) per cent. on the Common Stock of the Company.

Both dividends are payable September 3, 1929, to Stockholders of record at the close of business on July 13, 1929.

The Transfer Books will not close.

G. F. MAY, Secretary.

AIR REDUCTION CO., INC.

342 Madison Ave., New York.

June 12, 1929.

DIVIDEND NO. 49

The Board of Directors of this Company has declared an increase in the regular quarterly dividend to \$.75 per share on the Capital Stock of the Company, payable July 15, 1929, to stockholders of record June 29, 1929.

R. B. DAVIDSON, Secretary.

UNITED VERDE EXTENSION MINING COMPANY

233 Broadway, New York, N. Y.

Dividend No. 53

June 19, 1929.

A dividend of One Dollar per share on the outstanding capital stock has been declared, payable August 1st, 1929, to stockholders of record at the close of business July 2nd, 1929. Stock transfer books do not close.

C. P. SANDS, Treasurer.

Dividends and Interest

Dividends and Interest

American Commonwealths Power Corporation

New York — St. Louis

Dividend Notice

The Board of Directors of American Commonwealths Power Corporation has declared the following dividends:

PREFERRED STOCKS

The regular quarterly dividend of \$1.75 per share on the First Preferred Stock, Series "A", payable August 1, 1929, to Stockholders of record at close of business July 15, 1929.

The regular quarterly dividend of \$1.63 per share on the First Preferred Stock, \$6.50 Dividend Series, payable August 1, 1929, to Stockholders of record at close of business July 15, 1929.

The regular quarterly dividend of \$1.75 per share on the Second Preferred Stock, Series "A", payable August 1, 1929, to Stockholders of record at close of business July 15, 1929.

COMMON STOCKS

An initial dividend of 15¢ per share on the Class "A" and Class "B" Common Stocks, payable in cash July 15, 1929, to Common Stockholders of record at close of business July 1, 1929.

An initial dividend of 1/40 of 1 share (2½%), payable in Class "A" Common Stock on October 15, 1929 on each share of Class "A" and/or Class "B" Common Stock, to Stockholders of record at close of business October 1, 1929.

Where the Stock Dividend results in fractional shares, Warrants for such fractions will be issued, which can later be consolidated into full shares.

Checks and Stock Certificates in payment of dividends will be mailed in due course.

June 20, 1929. — FREDERICK E. WEBSTER, *Treasurer.*

AMERICAN TELEPHONE AND TELEGRAPH COMPANY

159th Dividend

THE regular quarterly dividend of Two Dollars and Twenty Five Cents (\$2.25) per share will be paid on July 15, 1929, to stockholders of record at the close of business on June 20, 1929.

H. BLAIR-SMITH, Treasurer.

BAYUK CIGARS INC.

PHILADELPHIA

A quarterly dividend of 1¾% on the First Preferred stock of this corporation was declared payable July 15, 1929, to stockholders of record June 30, 1929. A dividend of 50¢ per share on the Common stock of this corporation was declared payable July 15, 1929, to stockholders of record June 30, 1929. Checks will be mailed.

Harvey L. Hirst, *Secretary*

June 14, 1929.

AMERICAN TYPE FOUNDERS COMPANY

Jersey City, N. J., June 12, 1929

A quarterly dividend (No. 109) of one and three-quarters per cent on the Preferred Stock and a quarterly dividend (No. 126) of two per cent on the Common Stock have this day been declared payable July 15, 1929, to stockholders of record at the close of business July 5, 1929. Checks mailed by The Bank of America, Transfer Agent, 44 Wall Street, New York City.

WALTER S. MARDER, Secretary

INTERNATIONAL TELEPHONE AND TELEGRAPH CORPORATION

New York, June 13, 1929.

The Directors of the International Telephone and Telegraph Corporaton, at their meeting June 13, 1929, authorized the regular quarterly dividend of \$.50 per share on the capital stock of the Corporation, payable July 15, 1929, to stockholders of record June 21, 1929.

H. B. ORDE, Treasurer.

INTERNATIONAL PAPER COMPANY

New York, June 12th, 1929.

The Board of Directors have declared a regular quarterly dividend of one and three-quarters per cent (1¾%) on the Cumulative 7% Preferred Stock of this Company, and a regular quarterly dividend of one and one-half per cent (1½%) on the Cumulative 6% Preferred Stock of this Company, for the current quarter, payable July 15th, 1929, to holders of record at the close of business June 25th, 1929.

Checks to be mailed. Transfer books will not close.

OWEN SHEPHERD,
Vice-President and Treasurer.

THE WESTERN UNION TELEGRAPH COMPANY

New York, June 11, 1929.

DIVIDEND NO. 241

A dividend of TWO PER CENT. on the Capital Stock of this Company has been declared payable on the 15th day of July next, to stockholders of record at the close of business on the 25th day of June, 1929.

The transfer books will remain open.

G. K. HUNTINGTON, Treasurer.

The New York Central Railroad Co.

New York, June 12, 1929.

A Dividend of Two Dollars (\$2.00) per share on the capital stock of this Company has been declared payable August 1, 1929, at the Office of the General Treasurer, to stockholders of record at the close of business June 28, 1929.

H. G. SNELLING, General Treasurer.

NEWMONT MINING CORPORATION

A dividend of \$1.00 per share has been declared on the stock of this Corporation, payable July 15, 1929, to stockholders of record at the close of business on June 28, 1929.

H. E. DODGE, Treasurer.

Dated: June 18, 1929.

KEEP POSTED

The books, booklets, circulars and special letters listed below have been prepared with the utmost care by business houses of the highest standard. They will be sent free on request, direct from the issuing houses.

PLEASE ASK FOR THEM IN NUMERICAL ORDER

We urge our readers to take full advantage of this service. Address, Keep Posted Department, Magazine of Wall Street, 42 Broadway, New York City.

MONEY TALKS

is the title of an interesting leaflet describing 8% quarterly dividends of a conservative, well managed building and loan association. Substantial cash reserves provide availability of investors' funds, and first mortgages on homes establish thorough safeguards and diversification of principal. Write name and address on margin and mail today. Check this number—(497).

TOBEY & KIRK MARKET LETTER

contains each week in addition to a resume of the market some worthwhile suggestions in specific investments. Send for your free copy. (498).

EACH WEEK

In the market letter issued by McClave & Company, prominent New York Stock Exchange house, a short history, present position and prospects for the securities of a company whose stock is listed on the "Big Board" is given. Send for 499.

"THE ONE BEST INVESTMENT"

Where to find it—How to judge it. Send for your free copy. (500).

WINGS OF INDUSTRY

is the title of an aeronautical security publication, issued by a Wall Street house and should be read for the investment suggestions that it carries. A complimentary copy will be gladly sent you on request. (502).

THE SAVINGS JOURNAL

published by the Greater Louisville Savings & Building, contains some salient points regarding B. & L. investments. If interested in B. & L. securities, you should send for your free copy. (503).

"HOW MUCH SHOULD I SAVE?"

This booklet presents a graphic answer to this question and offers three interesting plans for systematic savings, including charts and tables, showing accumulated interest on principal by years. Ask for 507.

BONDS AND HOW TO BUY THEM

"Bonds and Stocks," "Classes of Bonds," "Factors of Bond Values," "How Bonds Differ and How to Select Them." These and other subjects of interest to the prospective purchaser of bonds are discussed in our booklet, "Bonds and How to Buy Them." Copy on request. (509).

TO OFFICERS OF CLOSE CORPORATIONS

A large trust company offers officers of close corporations a plan giving immediate and definite assurance that new interests will not buy into the business nor heirs suffer a financial loss on account of the death of a stockholder. Ask for booklet 510.

BTI

The investing public is now realizing that through their large earning power, and consistent growth, the capital stocks of New York banks and Trust Companies. Send for the stock records of all these institutions listed in this attractive folder. (512).

A DICTIONARY OF INVESTMENT TERMS

is the title of a very interesting booklet offered free to investors by a leading Chicago bond house dealing principally in public utility bonds and stocks. It defines practically all the terms used in financial literature and contains much other helpful information of interest to investors. (515).

PAINE WEBBER REVIEW

published semi-monthly by the well-known New York Stock Exchange house, will be gladly sent to you on request. It contains besides general comment on the developments in the stock market, specific recommendations of securities. Ask for 521

ASSURED SAFETY AND 9 PER CENT EARNINGS

from a building and loan association located in San Angelo, Texas—explained in an interesting 8-page folder which will be sent free on request. (523).

TECHNICOLOR, INC.

has recently received a contract for the production of 30,000,000 feet of colored film involving 20 feature pictures. If you are interested in the profit possibilities of this Company, ask for 525.

FREE FOLDER

explains the advantages of guaranteed Income Time Certificates issued by progressive building and loan association. Affords highest type of safety and definite 6½% earnings for five-year term. Issued for $100 to $10,000—bond form with quarterly or semi-annual interest coupons. Non-fluctuating — transferable — renewable and tax exempt. (526).

ATTRACTIVE INVESTMENTS

Arthur Atkins & Co. have prepared a descriptive folder calling attention to four Investment Trust and four Public Utility issues which they consider attractive and outstanding. (527).

THE INVESTMENT TRUST

Its origin and development—its function and operation—its benefit to the investor—are all graphically explained in this booklet issued by Samuel Ungerleider & Co., a prominent investment house. (528).

CURTISS AIRPORT CORPORATION

R. G. Harper & Co. offer a circular on this corporation whose securities combine safety of large metropolitan real estate holdings with the profit possibilities of the least exploited branch of aviation. (529).

AVIATION SECURITIES

This little 4-page folder will give you at all times the current bid and asked price of any aeronautical security. Issued by W. S. Aagaard & Co., who will be pleased to place you on their mailing list. (530).

REMINGTON ARMS CO., INC.

Are you interested in the profit possibilities to be found in the securities of this important industrial? The firm of Chas. E. Doyle & Co. will gladly send you an interesting descriptive circular. (531).

DIVIDENDS

A publication issued by Kidder, Peabody & Co. reviews financial conditions, recommends investment securities, and discusses matters of current interest to investors. (532).

SEND TODAY

for "Four-Year Analysis" of Financial Investing Co. of New York, Ltd., one of the United States Fiscal Corporation group. (533).

KEYSTONE INDUSTRIES

reviews monthly some phase of the leading natural resources of the Dominion of Canada. Issued by Williams, Brochu & Co., Inc., a prominent Montreal investment house. This circular will be sent gratis. (534).

STOCK MARKET PROFITS—MAKING MONEY WITH MONEY

An interesting booklet, describing thoroughly tested and successful methods employed in profitable stock market trading. Also a unique "One Outstanding Stock" method for the investor with limited funds. (504).

BIGGER INVESTMENT RETURNS

A booklet issued by Babson's Statistical Organization explains their continuous working plan for your money and will be sent gratis. (536).

DIXIE GAS UTILITIES CO.

A resume of the securities of this public utility, traded on the Pittsburgh Stock Exchange, will be sent you without obligation. Send for 537.

CONSOLIDATED AIRCRAFT CORPORATION

A circular on the common stock of this corporation and its investment position has been issued by Pynchon & Company, members New York Stock Exchange. Your copy will be cheerfully mailed on request. (538).

MOTH AIRCRAFT CORPORATION

Rebhann & Osborne have prepared a circular on the above corporation. Moth is in actual production and has orders booked for several months. (539).

FEDERATED CAPITAL CORPORATION

An investment trust of the British type. Earned 18.7% on average capital during year ended April 30, 1929, showing net profits of $910,288. Descriptive circular issued by P. H. Whiting & Co., which will be forwarded on request. (540).

NEW YORK TITLE & MORTGAGE CO.

A circular showing the growth and liberal dividend policy of this well managed company will be sent to you if you ask for (541).

NATIONAL ASSETS CORPORATION

A descriptive circular relative to participating in securities of banks, trusts, insurance and surety companies. Mr. Frank White, formerly United States treasurer, has associated with him men of known character and experience in the banking and business world. This is outlined in the circular (542).

SOUTHERN NATIONAL CORPORATION

Why the fifteen-year 6% Gold Debentures with stock purchase warrants attached are recommended by a leading stock exchange firm is explained in an interesting circular. (543).

PRUDENTIAL INVESTORS, INC.

A circular has been prepared on the securities of this corporation by Newburger, Henderson and Loeb, prominent members of the New York Stock Exchange, which will be sent gratis. (544).

THE UNITED CORPORATION AND COMMONWEALTH & SOUTHERN

Analytical reviews of these two companies will be mailed on request by Edwin Weisl & Co. (545).

JEWEL TEA COMPANY AND CHICAGO NORTHWESTERN RY. CO.

Analyses on these two important companies have been prepared by a member of the New York Stock Exchange and your free copy will gladly be sent on request. (501).

CANADIAN MINING SECURITIES CORP.

is a well-managed investment trust offering a participation in the profits of a safely diversified list of Canadian mining, oil, financial, industrial and public utility companies. Send for details. (546).

Pacific Gas and Electric Co.

San Francisco, California

The Company operates in thirty-eight counties in Northern and Central California, with an area of 61,000 square miles and a population of 2,500,000. In this field, one of the most rapidly growing sections in the country, it serves approximately 350 cities and towns, as well as an extensive and diversified rural area. In 1928, sixty-four per cent of its revenues were derived from sales of electric energy, thirty-four per cent from gas sales, and two per cent from minor activities.

COMPARATIVE INCOME ACCOUNT—5 Years

	Year 1928	Year 1927	Year 1926	Year 1925	Year 1924
Gross Revenue (incl. Miscellaneous Income)	$61,788,079	$58,395,812	$51,125,990	$48,066,897	$44,934,683
Operating Expenses, Taxes (incl. Federal Taxes), Maintenance and Reserves for Insurance, Casualties and Uncollectible Accounts	31,759,205	30,596,845	29,654,475	28,898,712	28,203,096
Net Income	$30,028,874	$27,798,967	$21,471,515	$19,168,185	$16,731,587
Bond Interest and Discount	10,659,216	11,034,372	8,383,425	7,508,837	6,645,821
Balance	$19,369,658	$16,764,595	$13,088,090	$11,659,348	$10,085,766
Reserve for Depreciation	5,967,320	5,378,545	4,228,850	3,807,991	3,057,417
Surplus	$13,402,338	$11,386,050	$ 8,859,240	$ 7,851,357	$ 7,028,349
Dividends Paid on Preferred Stock (6%)	4,601,630	4,384,858	3,488,880	3,265,434	3,244,608
Balance	$ 8,800,708	$ 7,001,192	$ 5,370,360	$ 4,585,923	$ 3,783,741
Dividends Paid on Common Stock (8%)	5,550,574	4,892,352	4,119,970	3,624,337	3,040,123
Balance (Undistributed Surplus)	$ 3,250,134	$ 2,108,840	$ 1,250,390	$ 961,586	$ 743,618
% Earned on Average Stock Outstanding during each year — Preferred	17.47%	16.58%	15.23%	14.43%	13.00%
% Earned on Average Stock Outstanding during each year — Common	12.68%	11.45%	10.42%	10.12%	9.96%

BALANCE SHEET, DECEMBER 31, 1928

ASSETS

Plants and Properties		$375,585,886
Investments		230,628
Discount and Expense on Capital Stocks		9,284,634
Trustees of Sinking Funds		330,531
Current Assets (incl. $6,069,501 cash)		18,892,621
Deferred Charges:		
Discount and Expenses in Process of Amortization	$9,562,327	
Undistributed Suspense Items	31,452	9,593,779
Total Assets		$413,918,079

LIABILITIES

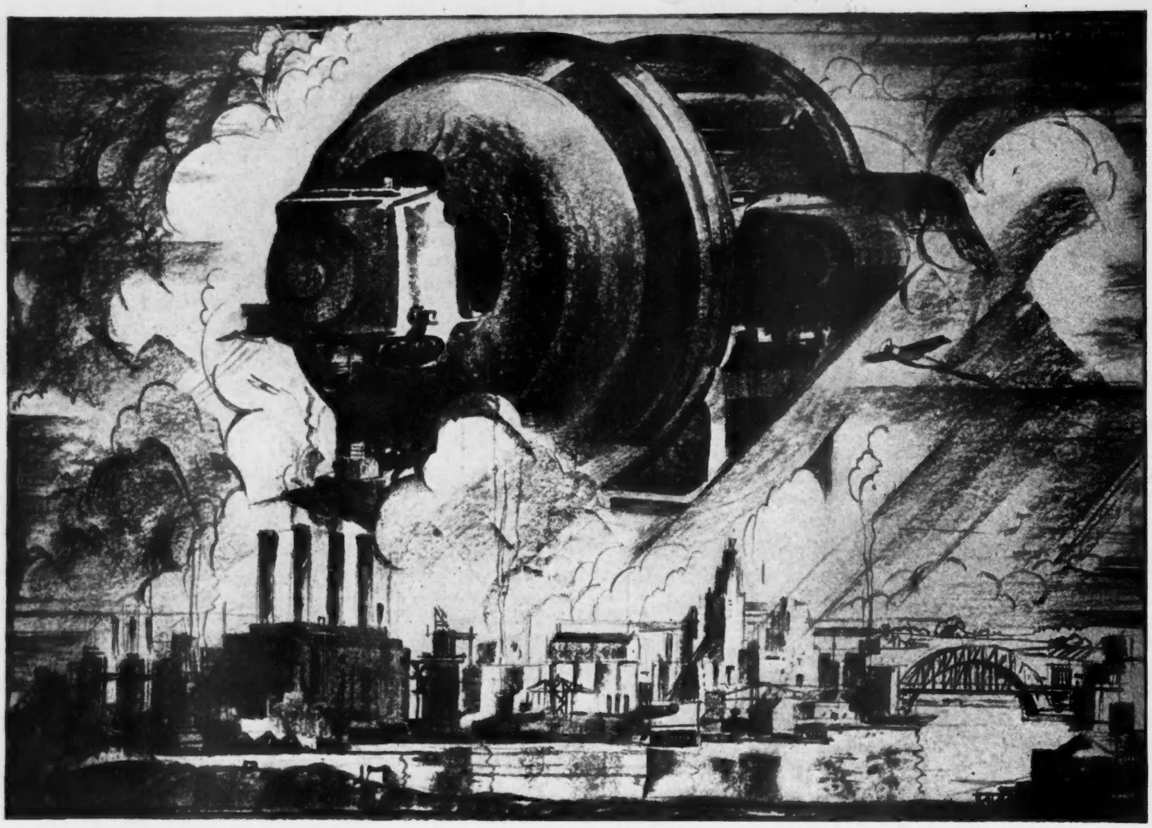
Common Stock Outstanding and Subscribed	$ 72,142,340
Preferred Stock Outstanding and Subscribed	78,892,907
Stock of Subsidiary Companies owned by Public	50,056
Funded Debt in Hands of Public	207,883,000
Current and Accrued Liabilities	13,614,690
Reserve for Renewals and Replacements	21,926,722
Other Reserves	3,880,040
Surplus Unappropriated	15,528,324
Total Liabilities	$413,918,079

RECORD OF TEN YEARS' GROWTH

Year Ended Dec. 31	Gross Oper. Revenue	Sales of Electricity K.W.H.	Sales of Gas Cubic Feet	Number of Consumers Dec. 31	Number of Stockholders Dec. 31
1918	$22,595,516	628,923,000	9,255,961,000	477,012	8,242
1923	39,321,535	1,199,063,000	13,674,794,000	710,034	26,294
1924	44,451,586	1,334,035,000	15,277,478,000	763,617	31,859
1925	47,729,079	1,351,798,000	16,200,951,000	813,698	34,863
1926	50,960,571	1,514,981,000	17,482,206,000	874,724	39,149
1927	57,893,181	1,657,965,000	20,214,834,000	967,717	46,068
1928	61,449,592	1,765,767,000	21,058,369,000	1,004,340	49,068
Gain in Ten Years	$38,854,076	1,136,844,000	11,802,408,000	527,328	40,826
Increase, Per Cent	171.95%	180.76%	127.51%	110.55%	495.34%

Copies of the Annual Report, including Income and Surplus Accounts and Balance Sheet, certified by Messrs. Haskins & Sells, Certified Public Accountants, may be obtained on application to D. H. Foote, Vice President and Secretary-Treasurer, 245 Market Street, San Francisco, Calif.

Inquiries regarding the Company are invited



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